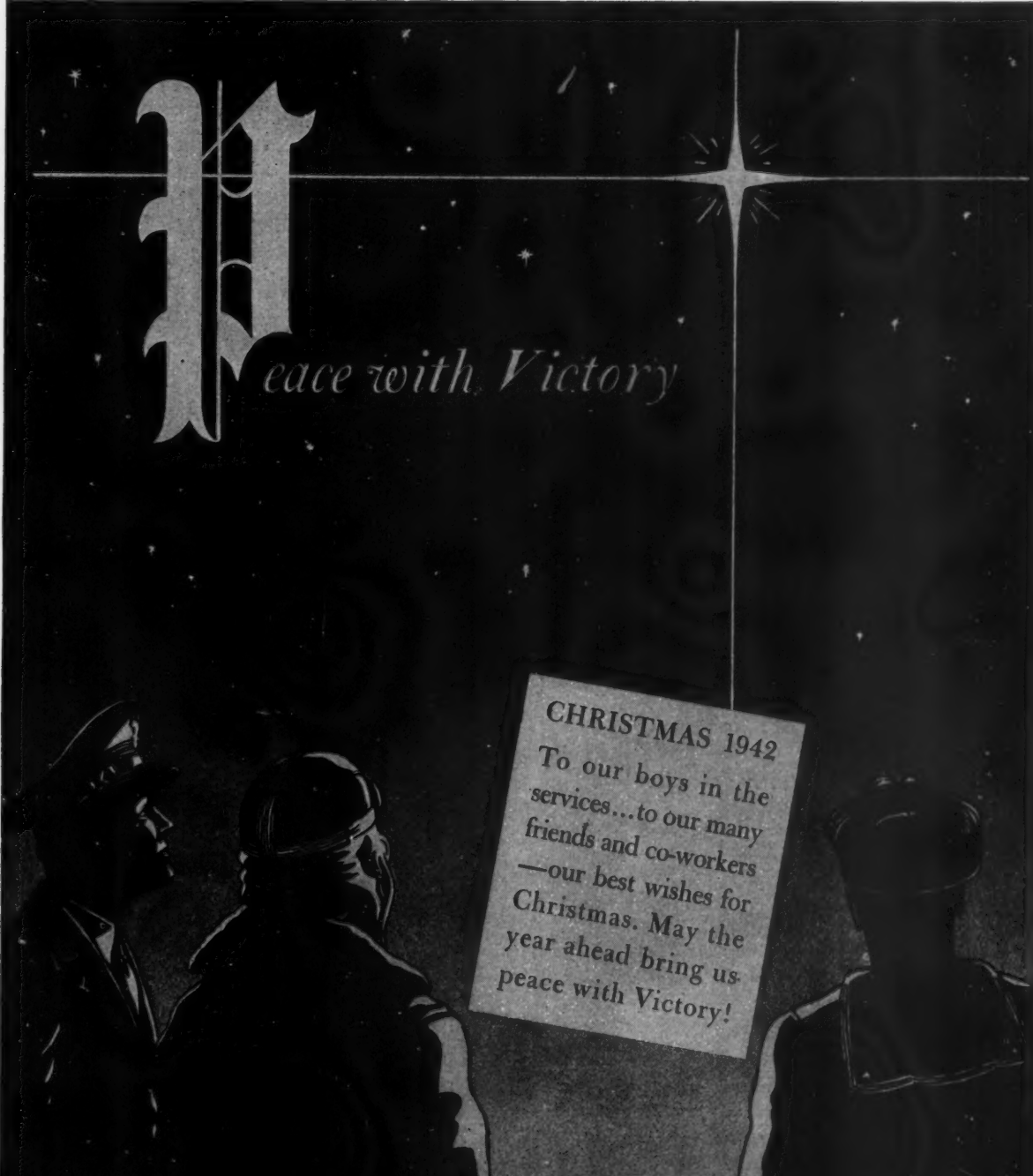


The NATIONAL UNDERWRITER



Peace with Victory

CHRISTMAS 1942
 To our boys in the
 services...to our many
 friends and co-workers
 —our best wishes for
 Christmas. May the
 year ahead bring us
 peace with Victory!

CRUM & FORSTER
 MANAGERS
 110 WILLIAM STREET • NEW YORK, N. Y.

United States Fire Insurance Co. The North River Insurance Co. Westchester Fire Insurance Co. The Allomannia Fire Insurance Co. of Pittsburgh	Organized 1824 Organized 1822 Organized 1837 Organized 1868	Richmond Insurance Co. Western Assurance Co., U. S. Branch British America Assurance Co., U. S. Branch Southern Fire Insurance Co., Durham, N. C.	Organized 1836 Incorporated 1851 Incorporated 1833 Incorporated 1923
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WESTERN DEPT., FREEPORT, ILL. • PACIFIC DEPT., SAN FRANCISCO • SOUTHERN DEPT., ATLANTA • ALLEGHENY DEPT., PITTSBURGH • CAROLINAS DEPT., DURHAM, N. C.

THURSDAY, DECEMBER 3, 1942



A TRIBUTE TO ALL AGENTS

*"Miss Brown...
our real boss is this whole Community!"*

"Yes, Miss Brown, we're responsible to the people here for the protection of their property and the security of what they work and save for."

"Why, there probably wouldn't be that fine hotel down the street, if it weren't for insurance. George Stevens had foresight. When the old hotel burned, insurance put him back in business."

"An explosion at the mill out there ruined a warehouse full of stock and wrecked a lot of equipment. But the mill kept going and the men kept their jobs because insurance promptly made good the losses."

"Last spring, there was quite a windstorm. The damage was considerable. But our clients suffered only temporary inconvenience. Insurance brought them the funds to repair and rebuild right away."

"George Saunders, the grocer, had a run of bad

luck. Within the same week his car was ruined by a falling tree and his truck hurt some people and smashed up property. Might have been a serious set-back for George—could have crippled his business. But he'd been wise enough to carry a Comprehensive Automobile Policy and enough public liability and property damage insurance. He got out of it without a loss."

"So it goes, Miss Brown. Insurance is a part of protection. An Agent's life-work is to provide sound security for the rewards of toil and a fine service, a duty to be proud of... A fine service, a duty to be proud of... the future of factories and businesses, protecting a man's possessions safe—protecting what people have, giving them confidence. It builds a better community."

The Agents of Insurance Companies

North America bring to the home, business and industry everywhere the complete scope of this 150-year-old company's dependable, progressive service. There is in your community a North America Agent, or a Broker, who, with the facilities of a nearby North America Service Office, is better equipped to serve you. Specify North America protection. North America Agents are listed in Classified Telephone Directories under the name and "Eagle" emblem of Insurance Company of North America, Philadelphia. Founded 1792. Capital: \$12,000,000. Losses Paid: Over \$476,000,000. With its affiliates, practically every form of insurance ex-

To all Agents everywhere we dedicate the advertisement above. It is a feature of Insurance Company of North America's 150th Anniversary campaign, and appears in leading magazines reaching nearly eight million readers throughout the country. With this page we endeavor to bring to a vast nationwide audience a better realization of the Agent's essential place in the community, an understanding of the importance of his duties and a knowledge of the responsibilities of his profession. It is dedicated to all Agents in appreciation of their loyalty, enterprise and success.

NORTH AMERICA COMPANIES PHILADELPHIA

INSURANCE COMPANY OF NORTH AMERICA • THE ALLIANCE INSURANCE CO. OF PHILA. • CENTRAL INSURANCE CO. OF BALTIMORE
INDEMNITY INSURANCE CO. OF NORTH AMERICA • NATIONAL SECURITY INSURANCE CO. • PHILADELPHIA FIRE AND MARINE INSURANCE CO.
write practically every form of insurance except life

"NORTH AMERICA SERVICE" MEANS 'CROSS-THE-BOARD SERVICE . . . FOUNDED 1792

The NATIONAL UNDERWRITER

Forty-sixth Year—No. 49

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, DECEMBER 3, 1942

\$4.00 Year, 20 Cents a Copy

Multiple Location Risk Governing Body Proposed

Fire Committee on Inter- state Rating Makes Major Recommendations

NEW YORK—Formation of an organization, nationwide in scope and with control evenly balanced between stock and non-stock carriers to have jurisdiction over rules, rates, and forms applying to fire and extended coverage on multiple location risks, exclusive of buildings, was recommended by the fire committee on interstate rating in its report to Superintendent Pink of New York, chairman of the commissioners' committee on interstate rating and allocation of premiums. The organization's services would be available to all types of insurers.

The committee recommended that the organization's governing committee, on which stock and non-stock carriers would be equally represented, would be supplemented by a committee of perhaps three representatives appointed by the National Association of Insurance Commissioners to act as a medium for deciding matters on which the governing committee may not be in agreement or to decide any problem which may be presented by any subscriber or member of the organization.

Not a Rating Organization

The organization would not be a rating organization except in the restricted sense that certain rules might be adopted with respect to types of risks coming within its jurisdiction, minimum premiums, minimum amount of insurance or premium required to constitute a separate risk or to require the use of specific local rates in the determination of an average rate on the entire policy, and the application of credits and debits based on number of locations and other factors mentioned in the report or the exhibits accompanying it.

The committee is headed by Chase M. Smith, counsel National Retailers Mutual, other members being C. F. Shallcross, U. S. manager North British & Mercantile, Ivan Escott, vice-president of Home, John A. Diemand, president North America, and William D. Winter, president Atlantic Mutual. To its two meetings the committee invited the three members of the group of advisers to the committees who are concerned with fire insurance, John R. Dumont, manager Interstate Underwriters Board, Harold M. Hess, manager New York City division of the New York Fire Insurance Rating Organization, and Hovey T. Freeman, president Manufacturers Mutual Fire.

Risks having five or more locations under single ownership would be subject to treatment by the proposed organization. It is assumed that the governing committee will adopt rules as to what

(CONTINUED ON PAGE 20)

Hail Advisory Committee Confers

Preliminary Estimates Show U. S. Loss Ratio in 1942 Was 64.57

The advisory committee of the Western Hail & Adjustment Association held its annual meeting in Chicago Tuesday to review the hail underwriting experience of the 1942 season, and to consider recommendations from various regional committees as to procedure for 1943.



JAMES B. CULLISON, JR.

These recommendations will be studied by the advisory committee and then passed on to the association when it holds its annual meeting Dec. 14 in Chicago.

In addition to the 10 members of the advisory committee, which is headed by James B. Cullison, Jr., manager of the Rain & Hail Insurance Bureau, approximately 50 field men, general agency representatives were guests.

Mr. Cullison is serving his 17th year as chairman of the advisory committee. He occupied that post from 1923 to 1925 inclusive, and was reappointed at the 1929 meeting. He has served continuously since, and has given the advisory committee a very able administration throughout those years. W. E. Newcomb is assistant secretary of the association, which is headed by J. H. Macfarlane, secretary of the America Fore group, Chicago.

1942 EXPERIENCE IS SHOWN

From various sources a preliminary estimate shows total 1942 premiums and losses in the United States of \$13,709,343 and losses \$8,852,634 for a loss ratio of 64.57. Premiums in Canada totaled \$1,586,000 and losses \$1,070,000 for a ratio of 67.5. The grand total for the U. S. and Canada is estimated at \$15,295,343 in premiums and \$9,922,634 in losses for an over-all loss ratio of 64.22.

While it was an unprofitable season for hail underwriters, the premium volume was the largest since 1919. In

(CONTINUED ON PAGE 30)

Fulton Champions State Supervision

President of Home Life Makes Appeal in Addressing Commissioners

James A. Fulton, president of Home Life of New York, in addressing the luncheon meeting of the National Association of Insurance Commissioners in New York, made a strong plea for the continuance of the system of state supervision of insurance and he also made certain suggestions for the improvement of the system.

Insurance, he said, is about the one great business that is regulated by bodies that are close to home. "It is worth a good bit to be able to put on your hat and go down the street to talk over your joint problems with the insurance commissioner of your own state. We know from experience that it does not work that way in Washington. Their remoteness makes impossible a proper understanding of these problems. For example: We see Washington seeking the prosecution of a section of the business for taking simple steps of cooperation that are essential if they are to function under modern conditions."

Career Men Needed

In order to make state supervision more effective, Mr. Fulton recommended that the insurance business insistently request that out of the millions of dollars of taxes the states collect from the insurance business, they allocate an adequate amount to insurance departments to enable them to compete on an equal basis and retain men of high ability who would prefer to make a career of department work. Too often the very best of the staff of insurance departments feel compelled to leave public service and accept employment with companies because of the substantially higher scales of remuneration.

Secondly, he said, it is necessary that problems that are national rather than local in character shall be settled on a national basis through the cooperative effort of the commissioners. A splendid start has been made in the fixing of security values and adoption of uniform blanks. But there must also be reasonable uniformity in prescribed mortality tables and minimum non-forfeiture values. Some way must eventually be found to have policy forms approved by a central bureau instead of submitting them to many states. A solution of these problems requires on the part of the individual commissioners cooperation, tolerance and a spirit of compromise.

Mr. Fulton declared that freedom can be destroyed if the functions of government become too detached from the people being governed.

An unrestrained bureaucracy can destroy liberty as surely as military subjection. There has been a drift toward government by bureaus centered in Washington and remote from most of the people. He said that although he recognizes the necessities of the present situation, unless the trend is arrested and reversed, when the war is over the

(CONTINUED ON PAGE 18)

Commissioners Take Constructive Action in N. Y.

Rescind Salary Reporting Requirement—Statement Simplification Approved

By C. M. CARTWRIGHT

NEW YORK—The work of the National Association of Insurance Commissioners at its mid-year meeting here was more constructive than that of most previous sessions. John Sharp Williams III of Mississippi, the president, stated that more had been accomplished and further steps taken than at any meeting since he had been in office.

The executive committee, under the leadership of Chairman Lloyd of Ohio, had busy sessions starting Sunday evening. Following committee meetings Tuesday the executive committee again went into session, holding a prolonged meeting so that the closing general gathering did not adjourn until 2:30 p.m. The committees were well attended and particular interest was taken in all of them by the laity. The attendance on the part of the commissioners was above par and the third house registered as many as at any other convention.

The committee voted to accept the invitation of Commissioner Harrington to hold the annual meeting in Boston. He brought letters of invitation from Governor Saltonstall and Mayor Tobin. There were no other serious contenders for the role of host city.

Lloyd of Ohio, chairman of the executive committee, reported that it had been decided to accept the invitation to hold the next meeting in Boston at a date to be determined later by the executive committee; to adopt the simplified schedules recommended by the special subcommittee of the blanks committee and to suspend for the duration the new schedule L calling for salary data in the fire and casualty statement. At the previous day's session of the executive committee the reporting requirement was altered from salaries of \$5,000 and up to those of \$15,000 and up.

The executive committee Monday voted to change Schedule L so that only amounts of compensation of \$15,000 a year or more need be reported by fire and casualty companies. There was considerable sentiment even then for rescinding the requirement entirely, in view of the trouble that it might cause in making it easier for one company to raid another's junior executives.

Blackall Speaks Feelingly

Blackall of Connecticut spoke feelingly on this point. He said that the commissioners can get full information on salaries through their examiners. He opposed having the information made public, so that recipients of salaries

(CONTINUED ON PAGE 25)

Williams "Het Up" Over Centralization of Federal Power

President Commissioners Body Speaks Bluntly on Encroachment on States

NEW YORK—John Sharp Williams III of Mississippi, president of the National Association of Insurance Commissioners, spoke very boldly and bluntly at the first general session of the mid-year meeting held Sunday evening in



JOHN SHARP WILLIAMS III

emphatic protest against the increased centralization of power in Washington and the tendency for the federal government to reach out and assume authority that theretofore has been clothed in the states. He said that he was essentially a Jeffersonian Democrat and believed in states rights. The commissioners met here a year ago, he reminded his audience, the opening session being Dec. 7, now a memorable date in American history. He vouched for the highest patriotism of the commissioners and the insurance people as an entire group. He said that everyone is doing his utmost to contribute to the war effort.

He asserted that the war has brought many complexities and problems. This has encouraged the federal government in its assumption of greater authority. President Williams in an impassioned voice said that he could not subscribe to many of the movements the New Deal is making. He sees in the course pursued the ultimate elimination of the middle man and thus a very vital encroachment on the rights of states. Mr. Williams gave it as his opinion that the middle man in the economic structure is highly desirable. The War and Navy departments, the Defense Plant Corporation, the HOLC and others are trying to eliminate the middle man. He asserted that if the federal government's indictment of fire insurance companies, officials and organizations is followed through, it means the automatic repeal of state authority and the abrogation of insurance supervision and administration by the states as now conducted, a disaster he dreads to contemplate.

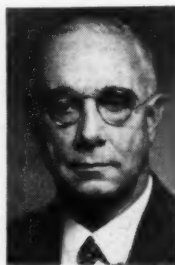
Revenue from Insurance

Commissioner Williams called attention to the fact that the states receive from insurance revenues \$113,000,000 a year and his state, he added, gets \$1,000,-

(CONTINUED ON PAGE 32)

New President of Marine Institute Is Able Leader

NEW YORK—H. C. Thorn, marine manager of North America and newly elected president of the American Institute of Marine Underwriters, is not only a top-flight expert in a highly intricate field but has the rare faculty of being able to explain to non-experts the mysteries of marine and war risk coverage in understandable and interesting fashion. As a result he has been much in demand as a speaker before audiences of shippers, merchants and importers, particularly since the start of the war in Europe brought the necessity of insuring not only against regular marine perils but war hazards as well.



H. C. Thorn

For example, when the War Shipping Administration brought out its open policy for imports Mr. Thorn addressed a large gathering of shippers at the Commerce & Industry Association, New York City, on the new coverage. He has written many articles for insurance publications.

Heads Underwriting Committee

Besides heading the American Institute, Mr. Thorn is chairman of the rate and underwriting committee of the American Cargo War Risk Reinsurance Exchange, of which he is a founder; chairman of the American Institute's advisory underwriting committee handling matters in connection with members' activities as WSA underwriting agents; chairman of the location committee dealing with defense supplies insurance; chairman of the marine surcharge committee; and vice-president of the Board of Underwriters of New York.

Mr. Thorn has twice addressed meetings of the Risk Research Institute, national organization of insurance buyers, and in past years has delivered a number of lectures in the Insurance Society of New York's courses and has acted as instructor in the marine insurance night school of the Marquand Business School, Brooklyn.

Mr. Thorn began his insurance career as an office boy with Johnson & Higgins in New York City in 1903. He was with Hutchinson, Rivinus & Co. from 1912 to 1916. The only break in his marine insurance career was his service with the A.E.F. in France from 1917 to 1919 as a first lieutenant of infantry. He rejoined Johnson & Higgins on leaving the army.

In 1925 Mr. Thorn joined the North America in Philadelphia. He was trans-

No Final Word on Gap Issue

Pink Recommends Seeking WDC Change If Insurers Don't Act

NEW YORK — Though conferences with the fire companies have not yet produced a concrete proposal for bridging the gap between fire insurance and war damage coverage Superintendent Pink of New York, chairman of the war damage committee, expressed the belief in his report to the National Association of Insurance Commissioners that the companies are not very far away from the committee's proposal which is to exclude everything from fire and extended coverage insurance that the WDC covers and include all the war hazards which the WDC excludes.

The principal obstacle, he said, is that the companies don't want to be liable for damage caused by Canadian or other friendly military aircraft. Because of the urgency of the situation he suggested that if the companies don't present some satisfactory solution to the gap problem within the next 60 days the executive committee should seek a broadening of the federal war damage coverage to bridge the gap.

Mr. Pink said that the committee's proposal would involve companies in some liability they would avoid under the present wording but it would also exclude all liability for coverage for which the WDC is properly liable since the WDC is excess to all other coverage. The main thing is that with the line between the two types of coverage drawn as proposed any war damage would fall definitely on either the insurance company or the WDC.

As for the possible alternative of having the WDC and the companies define their respective coverages in such minute detail as to eliminate uncertainty, Mr. Pink said this was impracticable as there would still be situations impossible to assign to either carrier which would result in insured being left without coverage.

ferred to New York in the same year. In 1928 he was appointed assistant secretary and returned to the home office, remaining there until 1936 when he was transferred to the New York office as marine manager.

A marine man in his leisure time as well as in business, Mr. Thorn has sailing as his chief hobby. He owns the yawl "Cayuga" which he sails in Long Island Sound. Before that he owned the Nova Scotia schooner "Eclipse."

Robert Marshall, manager bond department in the Chicago office of Seaboard Surety, has been commissioned a lieutenant (j.g.) in the navy and will report at Miami, Fla., Dec. 15.

D.P.C. Property and Insurance Plan Fully Discussed

State Commissioners Hear Reasons for Chopping Off 10 Percent Commission

NEW YORK—At one of the sessions of the executive committee of the National Association of Insurance Commissioners the question of commissions on property owned or leased by the Defense Plant Corporation was discussed. C. W. Pierce, president Factory Insurance Association, opened the discussion, saying that 85 percent of the projects are insured in one of the factory associations. The DPC board, he said, declared very emphatically that the cost was too great and hence there was too much to pay out for the business. In view of the fact that the conditions are universal, no markets are sought, no engineering service is required. Hence, the board concluded that there must be a reduction and demanded that the cost be decreased by taking away 10 percent of the commission paid in acquisition. Mr. Pierce stated that he and his associates who were conferring with the DPC were placed in the position of having to accept the business on the 5 percent basis or leave it.

He made the assertion that in his contacts with Washington he was convinced that there was a growing sentiment in favor of federal insurance, that is, carrying no insurance on federal properties. In order to avoid further measures of this kind he stated that it was his opinion that this DPC insurance should be considered as a war measure to apply only during its duration and at the end of the time the DPC would be liquidated. This insurance, he said, runs between seven and eight billions of dollars. The cut in cost, he acknowledged, comes from the agents alone. A number of agents have demanded that the companies share in this sacrifice. He said, however, that the companies give a very broad form that is not found in other properties. Furthermore, he said, there is extra expense involved so that in the long run the companies will be satisfied to break even.

The plan and contract have been approved in many states, he said. Some states have no laws that would prevent approval. Some commissioners think that the DPC contract would violate their state laws.

Dangerous Contingency Seen

Mr. Pierce stated that if no formal complaint is made he believes that approval will be given. If there is no approval, the issue will go to the DPC board and in that contingency he predicted that it might be disastrous. He contended that there was nothing in the contract or rate that was discriminatory. It is not regarded as private business. The contracts are uniform, simple and broad.

One of the commissioners raised the question if this contract were approved, would it not be applicable also to all public property. Mr. Pierce said that the DPC form was only used in its property. It owns some and leases from others. He said that the graded commission process would be inappropriate to place before the DPC board as it has decided what it will do and what it will not do. If the insurance people do not cooperate he predicted that the government will insure its own property clear across the board. Some members of the RFC board and other important

(CONTINUED ON PAGE 32)

THIS WEEK IN INSURANCE

Winter meeting of the National Association of Insurance Commissioners in New York City takes up many important subjects. **Page 1**

Important recommendations are made by fire committee on interstate rating in its report to Superintendent Pink of New York. **Page 1**

John Sharp Williams III, Mississippi commissioner, and president National Association of Insurance Commissioners, comes out boldly against centralization of power in Washington and encroachment of state rights. **Page 2**

Advisory committee of Western Hail & Adjustment Association holds annual meeting; preliminary figures show U. S. hail loss ratio for 1942 as 64.57 on largest volume of business since 1919. **Page 1**

Executive committee National Association of Insurance Commissioners gives a hearing on Defense Plant Corporation plan for insurance. **Page 2**

Company officials urge insurance commissioners to reduce all demands possible on companies in getting out annual statements and having questionnaires answered. **Page 3**

Farm fire losses in 1941 cut \$10,000,000. Fire prevention men meet in Chicago. **Page 4**

Danger is seen if agents under gasoline rationing, fail to make inspections on farm business. **Page 6**

Heavy losses under life insurance and personal accident contracts were expected to develop from the night club holocaust in Boston. **Page 17**

Mammoth state insurance scheme advocated in Britain. **Page 19**

A 50 percent cut in workmen's compensation rates on flying instructors has been recommended. **Page 19**

Traffic fatalities in October were 49 percent below the record for October, 1941, the National Safety Council announces. **Page 17**

N. Y. Experts Analyze Roots of Rate Making

The report of the staff members of the New York department that were on the joint committee on fire insurance rating practices and the statement by Superintendent Pink of New York in releasing that report are being studied closely in fire insurance circles. It may be that the observations and criticisms here set forth may be the genesis of fundamental changes in fire insurance rating.

Mr. Pink announced that he is not only advocating a reduction of rates for those classes where, on the basis of the existing classified experience, the loss ratios are found to be low, but he favors a proper classification and method of reporting experience together with such other changes in the present rating system as will make it simpler and more effective of loss experience.

Department Experts Agree

All of the experts in the New York department, he states, believe it is possible to work out simpler methods in which the loss experience is given more weight.

Mr. Pink refers to the fact that Texas bases rates to some extent upon the experience of various localities. He expressed the belief that the loss record of the community should have more to do with the rates than it has. He mentioned that in Rochester the loss ratio has been very low for many years and asserted that as a result the commissions paid there have generally been higher than elsewhere and have caused considerable friction and chaos. "Should not the policyholders of Rochester get the benefit rather than have it consumed in excess commissions?" he asked.

Mr. Pink said he recognizes that the system cannot be over-simplified. Many things have to be considered in fixing a fair rate—type of structure, nature of occupancy, efficiency of local fire departments, etc. In the New York City area alone about 100,000 applications are made for revision of rates on individual properties in a single year. The producers give much time to seeing to it that their assured receive deductions to which they are entitled, because of improvements in the building or in the neighborhood.

Dividends or Deviation

Standard rates equitable to all should be established and these should be varied in orderly fashion and without unfair discrimination to meet situations which arise. Those companies that are able to give lower rates than standard can do so through payment of dividends or by deviation where it is clear that because of lower expenses or for some other substantial reason the company is able to do it. In this way the rating structure is kept from being too rigid. Some method must be devised for the proper fixing of rates on large risks as well as those of multiple location often scattered through many states.

Mr. Pink recalled that he appointed a committee on which the companies, rating organizations, producing forces, insurance buyers and the department were represented. This committee was acting in an advisory capacity only. There was considerable divergence of opinion and hence Mr. Pink said he was releasing only the report which represented the opinion of the department representatives.

The report of the department men stated that statutory recognition of associations of insurance companies with power of making rates carries with it the obligation of adherence to the principles of adequacy, reasonableness and non-discrimination in the rating of various classes of risks in the light of experience indications. It has also the implication that rating organizations should be non-partisan with respect to purely rating functions.

In recent years about 53 percent of

the premium volume and 25 percent of the policies in New York have been written at schedule rates and the balance at class or minimum rates. The rating method for the state outside of New York City has been brought into substantial uniformity but the methods and schedules in the city vary considerably from those used in the balance of the state. There are 25 schedules in the upstate territory and 15 in New York City.

The base or key rate is not applied uniformly in all schedules nor does it reflect in any way the actual loss experience of the community. Insofar as occupancy charges are concerned, the report states that there are varying charges for similar occupancy classes when written under different schedules. So far as construction and internal protection are concerned, the report states that the charges and credits are changed from time to time solely on the basis of underwriting judgment.

As to exposure charges, the report states that simplification might be achieved by the retention of charges only to reflect unusual conditions.

Contents rates and differentials are not determined by statistical experience.

Errors and Rate Manipulation

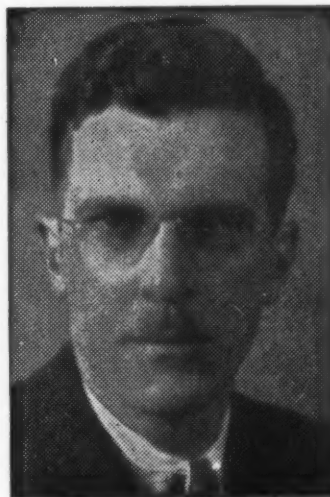
The complexities of the schedules and applicable rules and the technical information necessary for rating are conducive to errors and rate manipulation, the report states. Where charges or credits are within the rater's discretion as, for example, charges for faults of management and credits for superior construction and management in sprinklered risks, it is possible to develop a variety of rates for the same risk. Owing to the intricacies in rating methods much time is spent by competing producers reviewing the rate makeup and surveys of risks to determine whether errors have been made or whether changes in the risk would result in rate reduction.

Changes in schedule rates involve much expense, the report declared. Frequently the risk has to be reinspected. A complicated set of figures must be recalculated. Rates of other risks may also have to be changed when affected by exposure charges or a change in occupancy in a multiple occupancy building.

The trend has been toward making additional types of risks subject to class rate. The report expresses the belief that the schedule system of rating has undoubtedly contributed greatly to the improvement of construction and other preventive and protective factors. In

(CONTINUED ON PAGE 31)

Grand Rapids Agent Is Commissioner Possibility



DAVID A. FORBES

LANSING, MICH. — Considerable influence is being exerted, it is understood, in support of the appointment by Governor-elect Kelly of David A. Forbes, Grand Rapids agent, as Michigan insurance commissioner. It is taken for granted that the present commissioner, Eugene P. Berry of Detroit, will be replaced by the new Republican governor.

Mr. Forbes is a former president of both the Grand Rapids Association of Insurance Agents and the Michigan association. He is senior partner in the Forbes & Belknap agency, founded in 1921. No agent has ever been named commissioner in Michigan, but a former field man, the late C. D. Livingston, served two terms in the post and received special praise for his administration of the office.

Lillian Herring Resigns Secretaries Group Post

Lillian L. Herring resigned as secretary of the secretaries group of the National Association of Insurance Agents. It has been learned that this was made necessary on account of her many obligations to the groups she is now serving in Illinois.

Scheufler Confirmed in Mo.

JEFFERSON CITY, MO.—The Missouri senate has confirmed 75 appointments of Governor Donnell, including E. L. Scheufler, superintendent of insurance.

Simplification in Requirements on Statements Needed

Companies Appeal to Commissioners to Lift the Burden Somewhat

NEW YORK—The executive committee of the National Association of Insurance Commissioners of which Lloyd of Ohio is chairman, gave a hearing on suggestions toward simplifying the work of getting out annual statement blanks. R. R. Martin, U. S. manager of Atlas, spoke for the fire and casualty companies, pointing out the fact that all offices are confronted with problems of personnel and equipment. The highly technical nature of the insurance business, Mr. Martin said, requires especially trained men along statistical and accounting lines.

The loss of man power, he said, has made it difficult for companies to keep up the work of their various departments in every day processes. For months, he said, the companies have sought means of freeing manpower for service and releasing equipment by the simplification of systems, redistribution of work and otherwise. Despite these efforts, he said, the requirements are almost terrifying in the light of available staff and equipment. He said that indications strongly suggest the physical impossibility of carrying on in 1943 without drastic curtailments in all detailed operations.

Equipment Requisitioned

The federal government has already requisitioned typewriters and tabulating equipment. Report has it that in any instance where more than a single set of tabulating units is operated up to 50 percent of the additional equipment will be taken in the very near future. This, he said, means resorting to double or triple shifts.

Mr. Martin said the business feels that certain supplementary schedules and special forms calling for itemizations such as those in respect to assumed and ceded reinsurance can be omitted. He said that the great amount of labor in machine work involved in compilation in these times can be simplified.

Some of the specific requirements would be to discontinue requiring schedules of reinsurance assumed by companies and reinsurance ceded by companies. Next, make use of the information on the convention state business page and discontinue special state business page and all other forms in regard to state business. Next, discontinue requiring the reporting of state premiums by line of business on tax blanks.

Recommendation on Taxes

Next, in some states the tax blanks have been simplified and the premiums required to be reported are direct premiums less return premiums. Return premiums are not shown separately. In other states the tax blanks are more or less complicated and call for information which might well be omitted as it does not affect the amount of the tax base or the amount of the tax. In some states where the tax is based on gross premiums less return premiums and reinsurance assumed, the companies are required to report such information separately. Actually, however, in such instances the tax is based on direct premiums less return premiums and it would seem that to report direct premiums less return premiums as one item would be sufficient. It is urged by the companies that all states allow them to make out their tax returns in the manner

(CONTINUED ON PAGE 32)

Texas Adjusters Elect Officers



New officers were elected by the Texas Association of Independent Adjusters at a luncheon meeting held in Dallas. They are: President, C. E. DeWitt, Dallas; first vice-president, Gaddis Taylor, Tyler; second vice-president, J. E. Proctor, Austin; secretary-treasurer, William H. Hodde, Dallas. The new officers are shown in the picture above

with members who attended the luncheon: Left to right, standing—L. M. Kizer, Waco; H. B. Lovelace, William Shadrack, Thomas Skiles and Robert Pritchard, all of Dallas; seated—W. A. Gee, Houston; E. H. Blackwell, D. H. Lindbaugh, both of Dallas; Gaddis Taylor, President DeWitt, Secretary Hodde and Homer E. Sanders, Dallas.

Report 10 Million Cut in Farm Losses at Chicago Meeting

Fire Prevention Men and State Marshals View War Problems

Encouraged by a 10 to 12½ percent reduction in 1942 farm fire losses and spurred on by the important part food is playing in the winning of the war, farm fire prevention men are intensifying their efforts, it was brought out at the joint meeting in Chicago of the ag-



RUSH W. CARTER

ricultural committee of the National Fire Waste Council and the farm fire protection committee of National Fire Protection Association.

Farm fire losses will total approximately \$80,000,000 in 1942 as compared to \$90,000,000 last year, the committee headed by Dr. V. N. Valgren, Farm Credit Administration, reported. Mutuals report a 10 percent reduction in fire losses while stock fire estimates run from 12½ to 15 percent, although the more conservative figured is favored. The decrease has been particularly marked in the New England and middle Atlantic states.

Price and Carter Preside

Dr. David J. Price, U. S. Department of Agriculture and N. F. P. A. president, farm fire protection chairman, and Rush W. Carter, Aetna Fire, agricultural committee chairman, alternated in presiding. In his introduction, Mr. Price stated that the primary emphasis in farm fire protection should continue to be on standard practices rather than on possible enemy incendiary bomb attacks.

Little aid can be expected in form of equipment from the Office of Civilian Defense, Percy Bugbee, N. F. P. A. general manager, and Col. Clarence Goldsmith, Office of Civilian Defense and formerly with the National Board, pointed out. Most of the equipment now being distributed by the OCD is being sent to the west coast cities. Mr. Price expressed the hope that some of this equipment might be diverted to farm use after the war. C. R. Welborn, Underwriters' Laboratories, reported for the rural community fire protection group, pointing out that there was little hope for securing new equipment now.

The importance of insurance company inspections in curtailing farm losses was

(CONTINUED ON PAGE 30)

Most Get B's, But Some Get C's

As gasoline rationing went into effect on Tuesday nationwide it was difficult at first to determine how agents and company men fared as a whole. Apparently there was no difficulty encountered by insurance people who have legitimate needs for their cars in business to get a B ration book but just what proportion have been successful or are going to be successful in getting C books was not clear early this week. There appears to be little uniformity in decisions as among the various local rationing boards and some insurance men have been able to get C books whereas others with just as much or more use for their cars in business were able to get no more than a B. In some states bitterness has already developed where a few field men have gotten C cards. Some of the B card men are disposed to make an issue of it, but they may cool off.

In Indiana a committee of five field men was appointed to represent the stock companies before the state rationing board but the members of that board said they could not deal with them as representatives of the group but only as

Biography of North America Written by Eminent Author

Reading history gives one a sense of perspective as well as more confidence in the future. No one can read "Biography of a Business" by Marquis James, twice winner of the Pulitzer prize for biographies, without having a greater appreciation of the role which insurance has played in the development of the nation. It is the story of the founding of the Insurance Company of North America which opened its doors for business 150 years ago (Dec. 15, 1792) and its early struggles and pioneering down to the present day.

Numerous incidents are related by Mr. James such as North America's organization meeting in the historic room in Independence Hall in Philadelphia where the Declaration of Independence was adopted. The promotion of the Universal Tontine Association having met with little success, its sponsors de-

termined that the idea of a general insurance company, having "appeared to meet with public approbation," be given consideration. They were correct in their conjecture and 60,000 shares at \$10 each were subscribed in record time.

decided that the idea of a general insurance company, having "appeared to meet with public approbation," be given consideration. They were correct in their conjecture and 60,000 shares at \$10 each were subscribed in record time.

Fertile Field for Marine

Although marine insurance had been written in Philadelphia by individual underwriters, \$25,000 was the outside limit they could raise on risks so that North America had a fertile field in which to operate, although it soon had several formidable rivals.

North America's first employees were a clerk who was paid \$500 a year and a porter who received \$10 a month. Despite North America's initial success, the hazardous days when English and French privateers were seizing American ships were fraught with difficulties which were only overcome by hard headed management.

Pioneers on Contents

Fire insurance was not new in Philadelphia when North America made its bow but policies covered buildings only and North America pioneered in writing contents. However, fire premiums were so modest compared to marine that the new company continued to direct its main efforts in the latter field.

It was in 1797 that the germ of the local agency system was born when President Charles Pettit wrote to a friend in Baltimore asking him to recommend a resident agent who could receive applications, see that they were in proper form "accompanied by a drawing or sketch of the ground plan of the Premises to be insured, and of the neighboring adjacent buildings, annexed and referred to in the description."

Carpenter Best Qualified

As substantial information was necessary "to give an adequate idea of the Risque is the object desired," Colonel Pettit felt that "a Master Carpenter would be most likely to do the business with ease to himself."

When the survey of the applicant's premises was forwarded to Philadelphia the rate was determined. It was not until the Civil War that business was accepted on the ground. Although the local agency plan soon proved successful in nearby Baltimore and Wilmington, an application for an agency from Charleston, S. C., was rejected on the assumption that agents in distant places would tend to favor the interests of their policyholders who were their neighbors. In 1808, however, an expansion program was launched and North America appointed agents in Ohio, Kentucky, Virginia and Tennessee.

Candle Light Hazard

Mr. James has reproduced interesting letters regarding incomplete applications and special hazards. In underwriting a bookbinder, attention was called to the fact that work was usually done by candle light and the materials handled were not only combustible but also "very susceptible of injury by water."

The future of the agency system was threatened in 1827 when Massachusetts imposed a 10 percent premium tax on out of state companies. Retaliatory steps were taken by other states, thus encouraging the growth of local companies. The weakness of this practice was demonstrated in the fire which swept New York City in 1835. Nearly all the losses fell on the local companies and 23 out of 26 companies failed. New York soon reduced its premium tax to 2 percent.

Panics and wars brought their difficulties. In 1842, for example, following a five year depression, North America had to cut its capital in half and the

(CONTINUED ON PAGE 31)

Standard Classification Results Shown

The New York department has released the following detailed 1941 experience of stock fire companies on New

York state and New York city risks according to standard classifications generally used:

New York City					New York State (Exclusive of New York City)				
	Average Rate	Premiums Written	Losses Paid	Loss Ratio %		Average Rate	Premiums Written	Losses Paid	Loss Ratio %
Churches and chapels	\$0.43	\$ 337,856	\$ 53,437	15.82	\$0.62	\$ 554,165	\$ 152,501	27.52	
Public buildings, jails, etc. ....	.24	110,056	20,195	18.35	.32	310,618	148,562	47.83	
Educational institu- tions .....	.23	111,256	20,939	18.82	.28	470,100	98,926	21.04	
Residence property, outbuildings, etc., excluding farm property .....	.32	7,385,223	2,897,871	39.24	.44	16,570,785	5,822,781	35.14	
Farm property, in- cluding stock, etc. ....	.37	495	18	3.64	.96	1,582,263	1,134,171	71.68	
Mercantile and of- fice buildings ...	.43	4,966,909	2,763,492	55.64	.93	4,146,736	1,663,832	40.12	
Mercantile stocks, contents of mer- cantile and office buildings .....	.73	4,691,328	2,395,670	51.06	1.05	3,176,780	1,156,894	36.42	
Warehouses .....	.68	614,725	264,248	42.99	.92	528,583	166,659	31.53	
Woodworkers, in- cluding saw mills ...	1.62	191,545	117,906	61.55	1.65	174,278	107,282	61.56	
Metal workers ...	1.14	318,451	133,764	42.00	.99	318,316	261,926	82.28	
Chemical workers, including paint and pharmaceuti- cal	1.28	107,974	48,936	45.32	.77	78,025	13,091	16.78	
Textile and cloth workers, includ- ing laundries and cleaning estab- lishments	1.29	415,864	240,686	57.88	1.49	187,282	71,773	38.32	
Mining risks, in- cluding mining dredges .....	.97	1,981	.....	.....	1.56	2,095	3	.14	
Cotton gins .....	.....	.....	.....	.....	.....	.....	.....	.....
Cereal mills, stock food mills, grain elevators .....	.26	1,964	.....	.....	.32	121,136	13,744	11.34	
Misc. manufacturing specials not oth- erwise classified. 1.15	1,291,529	595,406	46.10	1.15	538,259	196,708	36.54		
Oil risks—refineries, derricks, pipe lines, tanks, fill- ing stations ....	.51	31,160	11,562	37.10	.90	331,215	94,088	28.41	
Food and food products plants, breweries, distil- leries, ice fac- tories, sugar re- fineries, etc. ....	.88	209,726	102,315	48.78	.81	276,902	157,876	57.01	
Hotels, boarding houses, clubs ....	.30	560,387	217,265	38.77	1.35	1,514,468	635,548	41.96	
Public garages, air- plane hangars ...	.96	512,866	71,418	13.92	1.57	607,296	150,773	24.83	
Lumber yards, wholesale, retail and mill	1.08	72,318	133,699	184.86	1.04	112,015	36,582	32.66	
Misc. non-manufac- turing specials not otherwise classi- fied .....	.52	727,320	281,278	38.67	.81	1,000,678	411,967	41.17	
Railway and trac- tion properties, light and power plants, water- works .....	.24	124,957	28,319	22.66	.30	432,652	128,575	29.72	
Theatres, motion picture shows and studios .....	.31	131,086	55,648	42.45	.58	165,179	48,398	29.30	
Sprinklered risks— manufacturing ...	.34	2,133,342	941,222	44.12	.21	1,578,706	758,304	48.03	
Sprinklered risks— non-manufactur- ing .....	.26	1,212,140	213,061	17.58	.36	671,993	162,235	24.14	
Totals	\$0.48	\$26,262,458	\$11,608,345	40.20	\$0.52	\$35,450,519	\$13,593,199	38.34	

Save Sell and Serve

USE THE NEW TIP-IN PLAN

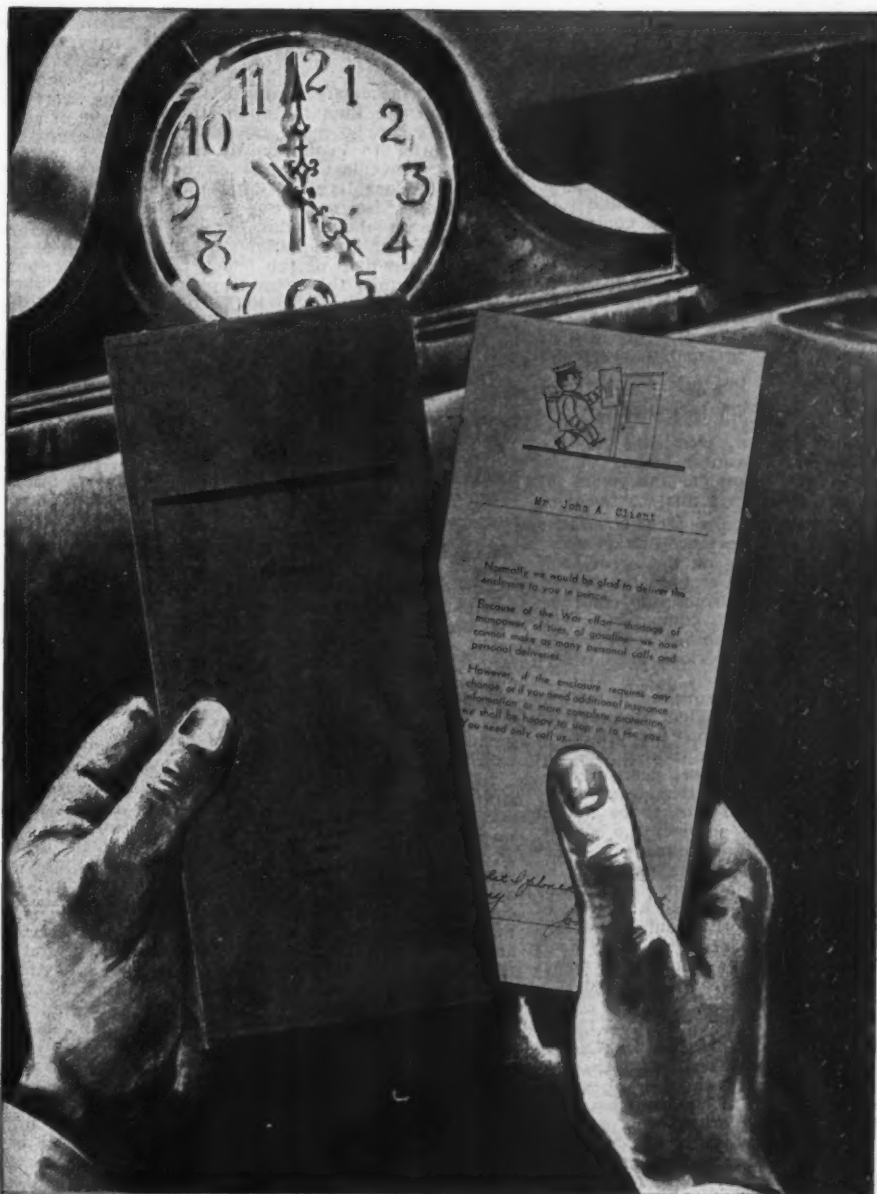
Every mile of tire wear, every gallon of gasoline and every hour of time you save help win the war.

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Tip-in Sheets save calls. They help you serve your clients and your country.



If you are a National Fire Group agent, use the timely Tip-in plan. If you're not, write for details or consult our Field Man. This plan, developed at the request of our Field Men, is typical of new field-grown helps being prepared for agents of the National Fire Group.



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HAVE YOU SEEN TO IT THAT EVERYBODY YOU KNOW IS FAMILIAR WITH WAR DAMAGE INSURANCE... WHAT IT COVERS AND WHAT IT COSTS? YOU SHOULD!

Easing of Inspections on Farm Business Dangerous

With gasoline and tire rationing, field men and agents are inquiring as to the position the companies propose to take regarding the inspection of farm property. This could become a complicated and perplexing question. But, as an official of one of the leading farm writing companies points out, regardless of the gasoline allowed the farm agent, there is danger in the suggestion that companies should ease up on the inspection requirement.

Some agents have even indicated their intention to favor the company adopting the most liberal attitude. It is this official's thought that this line of reasoning should definitely be discouraged, and others in his position with other companies feel the same way.

Agents and company men alike well know that the farm writing companies have only recently emerged from trying and discouraging years. It would be extremely unfortunate if anything, regardless of how serious the obstacle may seem, were now permitted to sidetrack the companies and agents in their determined and reasonably successful uphill fight.

Thorough Inspection Is Essential

Anyone with a knowledge of the farm insurance business knows that a thorough and complete inspection of each farm risk is essential to the continued success of the farm insurance business. The importance of this work, which logically falls on the agent, cannot be discounted. Certainly the inspections are needed from the company standpoint, but the company official calls attention to another angle which agents should not overlook in considering the problem.

With increasing frequency leaders in the business have called attention to the danger confronting the American agency system, and the subject has been on the agenda of almost every agents' association meeting this year. The general agreement seems to be that if the system is to survive, the agents, both individually and collectively, must continue to justify their existence by earning their commissions. This they cannot do if they establish a method of operation that ignores assured and fails to give him the service to which he is entitled. The agent's commission comes out of the premium assured pays.

Commission Pays for Service

The commission is paid for advice and service, and as a result assured have come to rely on their agents to give them proper forms and coverage. It would then seem to be a grievous error for an agent to use restricted travel as an excuse to reduce or eliminate some phase of this service. The

mere fact that he is representing a company that is willing to forego inspections for the duration is not in itself sufficient justification. His assured, being mindful of the restrictions, might be willing to have him follow the easier course, but they might not feel so satisfied if a loss occurs and they are not properly covered. In reverse ratio, assured, being mindful of the restrictions, probably will give an agent double credit if he does perform his duties.

It is not necessary to make the inspection at the time the application is signed. It can be made two or three months prior to expiration, if that is the most convenient way to do it, or within a reasonable period after the renewal date. Also, new risks should be serviced even though this service be rendered two or three date months after the inspection date of the policy. This flexibility permits the agent to plan his work and his driving so as to obtain maximum results. Whatever difficulties he is put to, others are having to do likewise.

The principal point made by the companies is that the agent, successfully to conduct his business, must properly service his clients. When he does that, he automatically satisfies the requirements of his company. To follow any other course would tend to weaken the entire structure.

Values Have Increased

The purpose of the inspection is to see that there is insurance to value, and that the proper rate is charged. In both cases the primary benefit is to the farmer, the assured. If the property is not properly rated, there can arise serious questions of coverage in case of loss. But today there is an extremely great need for a check on the values which the farmer has exposed.

In effect, the farm is a small manufacturing plant, very essential to the war effort, and there has been an upward pressure of values as intense as anything elsewhere in the war production effort. At a sale the other day, a corn planter for which the farmer had paid \$85, and which he had used for three or four seasons, sold for \$140. In another case, a tractor, for which the farmer had paid \$900 when it was new, was bid in at more than \$1,000 after three seasons of work. Replacement value of buildings, silos, etc., is a good deal more than it was as short a time as a year ago, but the machinery and equipment that is insured as farm personal property is being worked overtime these days and is very hard to get. The stock farm writing companies have had an uphill fight during the past 12 years and the agents have had to sell

Ind. Federation Names Officers

In addition to Ben R. Turner, Jr., manager of Fidelity & Deposit at Indianapolis, who was elected president of the Insurance Federation of Indiana at its annual meeting, the following were named vice-presidents: G. J. Daseke, state agent of Phoenix of Hartford, for fire; E. M. Spence, general agent Provident Mutual Life, for life; J. Frank Miller, resident manager Maryland Casualty, for casualty; R. C. Fox, Fox & Fox agency, for local agents, and P. O. Bowers, secretary Ben Hur Life Association, for fraternalists. Harry S. Shepard, manager insurance department Fletcher Trust Company, was named treasurer, and Joseph G. Wood, Indianapolis attorney, secretary-counsel. Mr. Wood is on leave of absence serving as an officer in the army.

Advisory Board Members

The following, who are president and secretary, respectively, of Indiana insurance organizations, were among those elected to the advisory board:

I. W. Sturgeon and H. J. Wilson, Casualty & Surety Managers Association of Indianapolis; Fred C. Richardt, past president, and Harry E. McClain, secretary, Indiana Association of Insurance Agents; P. A. Cooling and George Trout, Indiana Automobile Insurers Association; G. H. Wessenbonk and S. A. Fisher, Indiana Casualty Adjusters Association; J. W. Byrne and C. W. Stickle, Indiana Field Club; George Pritchett, and Miss Elizabeth Cooper, Indiana Fire Underwriters Association; H. J. Hadley and J. W. Stickney, Indianapolis Insurance Agents Association. In addition, David Layton, retiring president of the federation; Commissioner Viehmann, and T. L. Locke, attorney, are members of the board.

Great Lakes Extension Denied

MADISON, WIS.—Judge Reis in circuit court here has upheld Commissioner Duel in refusing to issue a permit to Great Lakes Mutual Fire & Marine of Milwaukee to extend its activities to include the writing of disability and liability business. It was organized in 1937 to write fire, marine and sprinkler insurance. Last May it amended its articles to include disability and liability, but the department refused the license on the ground that the company did not meet the requirements for companies entering casualty business.

their services against tough competition largely on the basis of service rendered. A loss that reveals to assured that he is inadequately protected and is in that predicament because the agent did not make an inspection at the time of renewal would practically wipe out the ground gained with so much difficulty in recent years.

It is going to be difficult for farm agents to make inspections, but it probably is not an impossible task, and today practically everyone is having to meet extremely difficult situations.

Blanks Committee Proposals O. K.'d

Means Reduction in Work of Completing Statement Blank Schedules

NEW YORK — Considerable reduction in the work necessary to complete the schedules of the annual statement blank will result from the action of the commissioners in adopting the executive committee's approval of the blanks committee's recommendations. Annual statement blanks will be deemed to have been amended as follows:

1. Schedule D, part 4, bonds disposed of during the year: summarize all bonds of the same issue called, matured or redeemed during the year. At present no summarizing is permitted. Summarize all bonds of the same issue sold during the year, irrespective of date sold. At present, bonds of the same issue sold at different times during the year must be reported on different lines of the schedule.

2. Schedule D, part 3, stocks and bonds acquired: description of redeemable options may be omitted, whereas at present long descriptions of complicated redemption options must be shown as part of the description of bonds acquired.

Mortgages Under \$100,000 Lumped

3. Schedule B, mortgage loans: show individually mortgages which exceed \$100,000 or 1 percent of admitted assets Dec. 31 of preceding year, whichever is smaller. All others may be summarized.

4. Schedule N, bank balances: show only balances at Dec. 31.

5. Schedule T, exhibits of premiums written: show reinsurance assumed and ceded without separation as to authorized or non-authorized companies.

The foregoing provisions all apply to the fire and miscellaneous (casualty) blank. In addition, in the miscellaneous blank part 1A of Schedule P is eliminated.

All Get 60 Days' Grace

The 60-day extension for filing schedules approved by the executive committee for life companies is made applicable to all types of companies.

It was also recommended that the states review their insurance tax blanks in the light of the present emergency and the shift by most states to the direct basis, so as to eliminate all data not bearing directly on the computation of the tax or the proper audit of tax returns. Any company desiring to report on the annual statement blank as printed, without taking advantage of any or all of the amendments may do so.

The Accident & Health Bulletin help get business. For information write 420 E. Fourth St., Cincinnati.

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Excellent facilities for coverages on LONG HAUL TRUCKS

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A NATION WITHOUT CIVILIANS!

AS America grasps the true meaning of total war the term "civilian," as it was once understood, becomes increasingly empty. Virtually everyone in the nation plays some part in keeping America going—a vital factor in achieving victory.

In this effort, loss to anyone is loss to all. Loss by fire is especially serious since the resulting damage is in man-power, machine-power, materials, or all three. We can afford to squander

none of these war essentials.

Thus America at war has an obligation to take every possible precaution against the outbreak of fire in any instance; further, to see that all property is adequately insured. These wise and necessary precautions will help importantly to keep America "in there punching" until the Axis is vanquished for all time.

All of us should bear in mind the urgent obligation:

Be EXTRA Careful about Fires.

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Insurance Company
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Investment House Sees Value in Federal Probe

Huff, Geyer & Hecht, Inc., the investment house which is particularly interested in insurance stocks, has gotten out a pamphlet, "New Frontiers for Insurance," speculating as to the probable effects of the Atlanta investigation on the equities of fire insurance companies. Taking a long range view, Huff, Geyer & Hecht expresses the opinion that the results of the investigation will be highly beneficial to the stock companies on the theory that if present shortcomings are followed through to their sources and corrected, the results should greatly enlarge the scope for the growth of the better managed companies, reduce their cost and increase their profits.

The theory is advanced that a structure of premium rates so rigid as to remove much of the price competition between insurers, while protecting policyholders and stockholders alike against poor management, inhibits the fullest exercise of capable managerial skill and has retarded the profitable growth of the most ably managed companies. Many insurance executives agree that the regulatory principle imposed by state authorities which stipulates that buildings of similar construction must take similar rates should be abandoned. The moral and mental makeup of the individual purchasing insurance are highly important in the determination of rates but in regulated states the companies are not allowed to consider these factors. Hence the best moral risks in a community pay a larger premium than otherwise would be required to offset the inadequacy of the premium charged the poorer risk.

Fixed by State Laws

This rigidity of rates is fixed by state laws, not by the insurance companies. If there were flexibility in the laws, the insurance companies could more accurately fit the rate to the risk, according to this pamphlet.

Also it is contended that the cost of selling insurance is uneconomically increased by restrictive laws and regulations. The resident agent laws which are characterized as a device of politically minded state legislatures and not a creature of the insurance companies, require payment of the commission to a local agent for affixing his signature to policies insuring property within a state although the local agent may have had nothing whatever to do with the sale. The elimination of such commissions would contribute to reducing the competition of mutual companies. Fire insurance commissions in England often run as low as 5 percent although the average compensation paid to agents of stock fire companies in the United States averaged 26.17 percent last year. An ultimate reduction in agents com-

missions, according to this publication, is a trend that is bound to eventuate to the profit of insurers and benefit of policyholders.

Alleviation of the dependence of insurance companies upon agency organizations which is now fostered by the statutes of many states, would divert the keen competition within the industry from the agents to the companies. Many proposed innovations are now in only restricted use due to the limitations under which the companies operate.

Graduated Commissions

Many executives believe there should be a graduated scale of commissions paid on certain types of risks, with the rate of commission diminishing as the size of the premium increases. In the casualty field some progress has been made in the issuance of participating policies and where the risk is sizable enough to lend credibility to the experience, stock companies have been able to write participating insurance with marked success at a net rate approximating those of the best mutuals and still retain substantial earning power. Also some of the most forward looking executives advocate the sale of comprehensive contracts with broad coverages to supply many of the needs of the individual in a single instrument at less expense than the sale of numerous small policies. Such officials also favor permitting the companies to become department stores of insurance, as in England.

According to Huff, Geyer & Hecht, the leveling and suppressive influence of state regulation which has hitherto inhibited the fullest exercise of managerial initiative and ingenuity must be removed before there can be great acceleration of this process of evolution. "Whether these bonds are broken by the revolt of forward looking, critical company executives, already in evidence, or through the strange instrumentality of a federal indictment, seems immaterial. The end product—lower cost insurance for the public and larger profits for the companies—justifies the means that precipitates the change."

John W. Petrie Makes Change

After 22 years in the same capacity, John W. Petrie has resigned as editor of the "American Insurance Digest & Insurance Monitor" of Chicago. Mr. Petrie specialized in feature writings. He was at one time city editor of the Louisville "Courier-Journal." After army service he became associate editor of the "Insurance Field" in New York in 1919-1920. Since the latter year, he has been continuously editor of the "American Insurance Digest."

Mr. Petrie intends to remain in the business. His Chicago address is 1032 North Dearborn street.

The South Dakota Fire Prevention Association staged a successful inspection of Elkton. Insurance Commissioner Burt was in attendance.

Meeting Is Held to Map C.P.C.U. Program for Chicago Group

A small meeting was called this week by Wade Fetzer, Jr., of Chicago, as chairman of the education committee of the Illinois Association of Insurance Agents and trustee of the American Institute for Property & Liability Underwriters. It was attended by a few of those known to be interested in the program of the American Institute. The purpose was to discuss the best procedure for starting the institute program in Chicago and preparing some men to take the examination when it is first held next June.

Those present concluded that the best procedure was to make a small start and make that successful, rather than try to make a big start in view of the many unusual problems of the times. The C.P.C.U. program is one of long range and designed more for the younger men in the business and those who enter in the future, rather than for those already established, so there will not be candidates until after the war. Many of the older men are quite far removed from organized study activity or the taking of intensive examinations.

It was decided to organize a carefully selected review course limited only to those who had better than average educational or experience background and confine this year to the first two sections and examinations dealing with insurance fundamentals and insurance principles and practices. No attempt will be made this year to organize review groups to take the entire examination set.

Among those attending was Howard Perolzheimer, head of the insurance teaching department at Northwestern University. He indicated that Northwestern would be pleased to lend its facilities and experience in organizing and conducting a review class if there were sufficient interest and that there is no reason why such a class could not be held in the Loop. Others attending were Roy L. Davis, Chicago manager Association of Casualty & Surety Executives, William Cline, partner of Conkling, Price & Webb and John Parker, of Mack & Parker, representing the brokers' association. Any of those interested and who feel that they have better than average educational and experience qualifications are asked to communicate either with Wade Fetzer, Jr., vice-president of W. A. Alexander & Company, Field building, Chicago, or with one of the other persons listed as being present at the meeting. Further plans will depend upon the nature and number of such inquiries.

Congressman Birmingham Speaker

BIRMINGHAM, ALA. — John P. Newsome, congressman from the 9th Alabama district (Birmingham) will speak at the meeting of the Birmingham Association of Insurance Agents, Dec. 14.

Allied Victories Don't Aid Sale of War Cover

The good news from allied war fronts during recent weeks has undoubtedly created a psychological condition in this country that impedes the sale of war damage insurance. Property owners who might be disposed to buy such insurance are likely to be swayed by the favorable news and decide at least to wait a while. The fiduciary agents are continuing to receive applications for WDC insurance but at a rate of only about 10 percent of the peak. The wave of buying that was traced to the stimulation exerted by building and loan associations and other mortgagees seems to have very largely subsided and much of the current business is probably attributable to the persistent work of local agents who have been prompted to exert themselves because of the program jointly sponsored by the National Association of Insurance Agents and Business Development Office.

Mutual Reinsurer Now Writes Excess of Loss Plan

American Mutual Reinsurance of Chicago recently commenced writing the type of excess reinsurance that takes the place of regular surplus treaties. Heretofore American Mutual Reinsurance has confined its writings to catastrophe excess covers. The new type of excess of loss contract that is being offered is modeled after the plan which was originated by the late Guy Carpenter through London Lloyds, but with some modifications.

American Mutual Reinsurance retains 10 percent of the liability and cedes the balance to the other mutual fire companies that are participating in the program. The business is handled on a reciprocal basis, the theory being that the loading that is required to be paid by a ceding company is canceled by the loading which that same company receives in its assumption of liability.

N.A.U.A. Rate Changes

NEW YORK—Directors of the National Automobile Underwriters Association at their meeting here Thursday will consider the loss experience of member companies and an analysis prepared by the staff committee, which had been in session for several days. It is expected to authorize certain changes, in view of reduced road usage by motorists through gasoline restrictions and speed limits.

Landers Sevier, Sr., founder of the Sevier Insurance Agency, Birmingham, Ala., died at the age of 76. The agency has been managed by Landers Sevier III, but it was headed for several years by Landers Sevier, Jr., who died a few years ago. Landers Sevier III now is in the service but the agency continues active.

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MONTREAL

Insurance Measures May Be Deferred in Iowa

DES MOINES—A short session of the Iowa state legislature appears probable, limiting the possibility for passage of insurance bills. Legislative leaders are predicting one of the shortest sessions in Iowa history and work probably will be limited to measures made necessary by the war.

This virtually dooms any agents qualification bill and makes somewhat doubtful passage of an insurance code revision bill. However, a preliminary committee may be set up to draft such revisions for action by the next legislature.

A financial responsibility bill may be introduced by the state safety advisory committee but action remains uncertain because of the war. The financial responsibility bill will replace a compulsory liability bill originally drawn by a state safety official and intended for introduction.

North America Men in Service Get Checks, Gifts

Christmas gifts from the North America companies are going to 309 employees now in the armed services. Each will receive a Christmas check. Those entering service before 1942 are receiving checks for \$50 each. Those entering service since Jan. 1, 1942, will receive an additional sum, based on their income from North America between Jan. 1 and the date they left to join the armed forces.

Regularly, junior officers of the North America companies have been sending packages to employees in the service. Some of the North America departments will forego their usual Christmas festivities and will send Christmas packages to service men instead.

Xmas Gifts to Men in Service

President Harold V. Smith of Home has sent to each employee of the group who is now in armed service a Christmas package. The gifts include a writing portfolio, leather cigarette case, cigarettes, hard candy and peppermints, shaving cream and lotion, razor blades, handkerchiefs and playing cards. The home office employees helped arrange, pack and mail the gifts. Special packages were prepared for the six women employees who are now in the Waacs or Waves. A Christmas greeting from President Smith was enclosed with each package.

Chicago Mayorality Possibilities

Newspaper political analysts, in discussing the Chicago mayorality possibilities, have mentioned the names of three men identified with the insurance business as possible Republican candidates. Republican ward committeemen are scheduled to commence next week discussing the situation. Those mentioned include Ferre C. Watkins, attorney for the liquidation bureau of the Illinois insurance department and a prominent Chicago attorney; Herbert J. Lorber, vice-president of the Rollins-Burdick-Hunter Company, who for several years has directed the Chicago campaign in raising funds for the National Foundation for Infantile Paralysis, and Philip Collins, well known class 1 member of the Chicago Board of Underwriters and chairman of the Illinois Commerce Commission.

Arizona Adopts N. Y. Form

The brand new New York standard fire policy has been prescribed by the Arizona corporation commission for use in that state commencing July 1, 1943.

The Wichita Blue Goose auxiliary gave its annual dinner-dance-bridge for Sunflower puddle members Nov. 28. Nick Kleber, Royal-Liverpool state agent, who is leaving for the army shortly, and Mrs. Kleber were guests of honor.

New Producers Unit Is Watching N. A. I. A. Move

WASHINGTON—Whether sponsors of the proposed Insurance Producers Association of the United States will proceed with its formation or abandon the idea seemingly will be dependent in considerable degree on the findings and recommendations of the recently appointed sub-committee of the public relations committee of the National Association of Insurance Agents, to which was assigned the task of making an intensive study of general conditions in Congress and the different federal bureaus as to their attitude toward the insurance producers. If in the minds of the brokers particularly concerned in the suggested producers' association, the report of the committee of the agents' body offers a satisfactory approach to the establishment of an understanding and sympathetic relationship between the law-makers and the insurance producers, the idea of launching a separate body will probably be abandoned and every energy will be extended to make the plan of the National association thoroughly effective.

Goss to Iowa for America Fore

DES MOINES—David A. Goss, special agent of America Fore in Indiana, has been transferred to the Iowa field to replace John B. Hunter as special agent under State Agent John Hull. Mr. Goss, who has been with America Fore several years, will have headquarters in Des Moines. Mr. Hunter recently resigned to enter the navy as an ensign.

Alaska Figures Withheld

The National Board will have to wait until after the war if it hopes to learn how many persons viewed a special print of its new fire prevention movie, "Before the Alarm," during the film's just-completed three-month trip to Alaska.

Borrowed for exhibition by a fire insurance engineer at the site of a naval air station under construction, the print was recently returned to New York. To complete the National Board's records, the usual inquiry was sent back, seeking figures on the number of screenings of the print and the number of persons attending each showing. This week brought the following answer:

"It is impossible for us to comply with your request to tell how many attended each session because that would give a key to the number of workmen on the place which, of course, is a military secret and so cannot be stated in a communication of this kind. After we lick the Japs we will be glad to give you this information!"

More Movie Precautions

Because of the unusual number of fires in motion picture houses reported recently from various sections, C. J. Dunphy, chief of the amusement section, services division, War Production Board, has drafted a list of nine precautions especially designed to prevent such fires.

Effect on Small Business

Field men report an increased mortality in small businesses and throughout their territory due to war conditions. Many of these have been hit by priorities and price ceilings. Furthermore, the draft has taken away employees and others have gone to defense industries where they could get more money. Therefore to continue in business meant hiring of inexperienced and often inefficient help. The fact that price ceilings have been promulgated prohibits any increase in retail prices so the margin of profit has been cut down to a minimum and often the activities create deficits. Some concerns had just reached a point where they were getting established and saw a favorable future when the war regulations flattened them out. The small business man, therefore, is caught between the

upper and nether millstones and is helpless.

OPA Warns of Fire Hazard in Gasoline Hoarding

WASHINGTON—The Office of Price Administration has issued a bulletin warning that hoarding of gasoline in anticipation of rationing constitutes not only an unpatriotic act, but also an invitation to a serious fire.

Gasoline Is Dangerous Explosive

At the suggestion of fire insurance and fire protection experts, OPA officials pointed out that gasoline in cans and makeshift containers stored in the basement, garage or in the car is a dangerous explosive. When gasoline is exposed to the air or when there is any leak or spill, vapor is produced which, when mixed with air, can explode with disastrous results on being ignited by a careless smoker, or an electric or chance spark.

The vapor, heavier than air, may flow unnoticed along the ground or into basements and become ignited a considerable distance from the container. Sometimes a static spark created by pouring gaso-

Convention Dates

Dec. 8, midyear convention Arkansas Association of Insurance Agents, Little Rock, Hotel Marion.
Dec. 8-9, Insurance division American Management Association, Chicago, Drake Hotel.

line from one container to another without a proper metallic contact may cause ignition.

The oil industry and automotive engineers, it was pointed out, have spent millions of dollars and years of experimentation to develop facilities and equipment for handling gasoline safely. When such safeguards are overlooked, explosions and fires are almost inevitable.

S. H. Rickard, former professor of English at the University of Rangoon, now in government work in San Francisco, discussed his escape from Burma at the luncheon meeting of the San Francisco Blue Goose Monday.

The monthly luncheon-bridge of the Blue Goose Auxiliary of the Sunflower puddle was held in Wichita with Mrs. Ewing B. Fergus, Mrs. C. J. Wintroll and Mrs. Carl Bailey as hostesses.



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NEWS OF FIELD MEN

Don't Lose Heads, Holt Urges Iowans

DES MOINES—Addressing the Iowa Fire Underwriters Association at a special meeting called to discuss war problems, Arthur E. Holt, Aetna Fire, president, said there is always a place for constructive criticism and added that insurance men must not lose their heads, and by selfish, narrow or unethical acts cause the public to lose confidence in and respect for stock fire insurance.

"New conditions and changes have entered our business this year as they have every year in the past and will every year in the future," he said. "These changes and conditions must be constructive in their origin or used as a basis for constructive ideas. If our business takes a drop, let us not act selfishly without thought. Rather, get a true view of the entire picture and control our acts so that the picture is not blotted or ruined," he urged.

Criticism of rationing and other war regulations, he said, is nothing but an alibi used by the lazy man to console himself or an excuse when he cannot meet his financial obligations or his obligations to his employer.

Wartime Problems Discussed

T. C. Little, Fireman's Fund, led the discussion on war damage and emphasized that field men should push the local agents to stimulate sales. A method of contacting the local agents for this purpose is being worked out by the association.

The need of sufficient discussion leaders to handle the schools for the local agents' educational program was recognized. Many of these schools are already in progress in the state.

C. W. Borrett, Hanover, outlined the work of the civilian defense organization and suggested that all field men register with their local organizations as they can play an important part in this work.

The group also went on record as supporting the rural fire prevention program which is being carried out in the state through the extension service at Iowa State College.

N. J. Specials to Hear Blanchard

The New Jersey Special Agents Association will hold a dinner-meeting in Newark on Dec. 7, at which Dr. Ralph H. Blanchard, professor of insurance at Columbia University, will speak on "The Fire Insurance Business from the Outside."

To Hear OWI Man

LOS ANGELES—The Southern California Fire Underwriters Association will hold its next meeting Dec. 11. Howard Langley, southern California director of the Office of War Information, will speak.

Reid Shifted to Richmond

Robert C. Reid, Georgia state agent of Royal-Liverpool, has been transferred to Richmond as successor to Sidney P. Clark, regional manager there, who has received a commission in the navy.

Collins Crum & Forster Special

Lee D. Collins, formerly a local agent at Marysville, Cal., who was recently discharged from the navy after a year of active service, has been appointed special agent for Crum & Forster covering the San Joaquin valley. He succeeds the late John B. Mallon, veteran field man who was recently killed in an automobile accident near Bakersfield, Cal.

Travelers Names MacKenzie

John MacKenzie has been appointed special agent of Travelers Fire at Hartford, Conn.

Smoke & Cinder Club Elects Foster

PITTSBURGH—James H. Foster of the Royal-Liverpool groups was elected president of the Smoke & Cinder Club of western Pennsylvania at the annual meeting. He succeeds Robert J. Crossman, Atlas. The newly elected vice-president is G. Warren Feller, North

British. Thomas W. Moody, Firemen's of Newark, is secretary and Edward A. Logue, State of Pennsylvania, treasurer. The members of the club entertained their wives and friends at a dinner dance Monday in Pittsburgh.

Takes Over as State Agent in Cincinnati Territory

E. B. Hatch, Jr., who has been promoted from special agent for the America Fore fire companies in Kentucky to state agent supervising Cincinnati and Hamilton county in Ohio, is a graduate of Armour Institute. Later he joined

the Minnesota Inspection Bureau and on Dec. 1, 1935, went with America Fore as an engineer with headquarters in Chicago. He later was transferred to the Kentucky field with headquarters in Louisville.

Mr. Hatch succeeds C. H. Garbutt, who has left to rejoin the U. S. artillery where he served in the last world war. He has been commissioned a captain. Mr. Garbutt went with Niagara Fire in 1926, subsequently serving in various field capacities.

Robert K. Johnson Resigns

Robert K. Johnson of Minneapolis has resigned as state agent in Minne-



How much "ill wind" can YOUR insurance stand?

The odds are ten to one that your pre-war property insurance, which formerly protected you fully, leaves you vulnerable to sizeable loss today!

In business, you will find a sharp increase in property values... in the materials of which your buildings are made... in the equipment you depend on. Where would your business be if these had to be replaced now?

Business hazards, too, are increasing. Green hands are working at unfamiliar jobs. Stockrooms are crowded with indispensable materials. And, chances of destruction are multiplied. How can

you assume that today your business faces only the usual risks?

At home, your property would be equally hard to replace. Cars, furniture, the house itself, all must be re-appraised in the light of present conditions. Why gamble with uncertainties which perhaps could cause you serious financial loss?

Call in your insurance man! Have a survey of your property made at once. Your insurance agent or broker will gladly do this without obligation. His expert, up-to-date analysis may save you thousands of dollars if you act now! And, be sure to have him include protection afforded by the War Damage Corporation.

FIRE ASSOCIATION GROUP

Fire Association of Philadelphia
The Reliance Insurance Company
PHILADELPHIA



Lumbermen's Insurance Company
Philadelphia National Insurance Company
PENNSYLVANIA
SYMBOL OF SECURITY SINCE 1917

Wartime Business Booster for YOU!

Again in dramatic, "stopper" fashion, the Fire Association Group addresses people who own property worth insuring... reminds them that pre-war insurance may be inadequate.

This series of war messages is more than just another "get-business" campaign. As you know, the situation described is serious. The story needs telling... the way the Fire Association Group is telling it... in a big, national magazine.

This campaign stresses the value of your services... urges property owners to let you re-check their needs without delay. Follow up with personal calls and letters. When you sell adequate insurance to under-insured clients today, you render an outstanding service. You also boost your business.

FIRE ASSOCIATION GROUP, Philadelphia, Pa. Branches in Atlanta, Chicago, Dallas, New York, San Francisco, Toronto.

sota for Globe & Rutgers. He had been in the Minnesota field about a year, previously having traveled in Illinois. He was connected for some time with the Illinois Inspection Bureau and was in the field for American for a number of years. He was in Chicago this week visiting some of his friends.

Crouch Assistant Manager of Travelers at Toledo

Harry F. Crouch, special agent of Travelers Fire at Toledo, has been promoted to assistant manager there.

Mr. Crouch originally joined Travelers Fire in 1926, in the engineering and inspection division. In 1928 he was made special agent in Cleveland and in 1936 was transferred to the Toledo branch, and has been in that office continuously since.

Prior to joining Travelers, Mr. Crouch was employed by the Missouri Inspection Bureau as a fire insurance rater.

Chesapeake Pond Initiates

BALTIMORE—A dinner and initiation meeting of Chesapeake Blue Goose was held Monday evening. The members initiated were: Warren Wright, Jr., Home, Washington; George S. Moore, North America, Washington; C. V. Resh, Home, Baltimore; Ed Costello, National Liberty, Baltimore; Don C. Clark and Richard Clark, Fire Companies Adjustment Bureau, Baltimore.

Robert W. Martin, most loyal gander, presided, and K. V. Robbins performed his duties as welder.

Schenck With J. O. Cobb

James O. Cobb & Co., general agents of Durham, N. C., have appointed Gordon Schenck as special agent in charge of South Carolina. He is well known in the field, with many years experience in the local agency and special agency field.

Discuss Public Relations

The Ohio Stock Fire Insurance Speakers Association at its meeting this week discussed public relations. H. A. Ritter, Travelers Fire, who was to speak, was unable to be present because of the death of a relative. He will address the association next week.

Stage Coast Guard Night

The Nov. 30 dinner meeting of the Seattle Blue Goose was "Coast Guard Night." Lieut. G. A. Haney, formerly with National Fire, and Lieut. H. H. Bartlett, formerly a St. Paul F. & M. special agent, staged the program. Preceding the dinner, D. A. McKinley, past most loyal grand gander, and other ganders celebrating their birthdays in November were hosts at a social hour.

Inspections Halt Ky. School Fires

The value of inspections by field men was shown in the report of W. E. Kingsley, Travelers Fire, retiring president Kentucky Fire Underwriters Association, at its annual meeting. Due to the fact that many Kentucky schools were burning, he said the association, in conjunction with the Kentucky Fire Prevention Association, inaugurated a plan for inspection of schools. Since these inspections were made, there has not been a school fire.

The San Francisco Blue Goose heard an exposition of Russia and its probable attitude after the war by Sol Silverman, San Francisco attorney and publisher. J. P. Gallagher of the Union Pacific Railroad presented the sound picture, "Sun Valley," at the Kansas Blue Goose luncheon Monday in Topeka. He was introduced by Byron Ward, Glens Falls.

The inspection of Columbia Heights tentatively scheduled for this month by the Minnesota Fire Prevention Association, has been called off and none will be held in December.

IN U. S. WAR SERVICE

Several in the Kemper companies have been commissioned officers in the armed services. J. F. Murphy, claim investigator and adjuster in the New York office of Lumbermen's Mutual Casualty and American Motorists, has been commissioned a lieutenant (j.g.) in the naval reserve and has reported for duty at Quonset Point, R. I. Dr. C. B. Matthews, in the medical department of the two companies in Newark, has been commissioned a first lieutenant in the army and is stationed at Camp Pickett, Va. D. B. Hamilton, claim manager at the Newark office, has entered the army as captain. D. F. Johnson, in the home office bond underwriting department, has reported for duty as an army captain at Brooklyn. J. W. Jarrett of the home office legal department has been commissioned a lieutenant (j.g.) in the naval reserve and has reported for duty.

M. A. Moore, Kinston, N. C., one of leading local agents of eastern North Carolina, has joined the navy. He was in the first world war and has been in the agency business since 1924.

Joe B. Thompson has resigned from the Oklahoma state senate to remain on active duty with the army air corps. He was formerly assistant Oklahoma insurance commissioner and later an insurance attorney in Ardmore.

Roy J. Martin, president of Martin-Owsley, Inc., New Orleans, has joined the army.

Parker Meredith, adjuster of Fire Companies Adjustment Bureau at Shreveport, La., is now at officers training school, Camp Claiborne.

H. Vance Godbold, Jr., vice-president of the H. V. Godbold Company agency, Richmond, Va., formerly with Zurich in Chicago, is now a sergeant at Fort Knox, Ky. He expects to take an examination for a commission in the engineer corps.

Frank D. Young, manager of the Old Dominion Adjustment Bureau, Richmond, Va., has been commissioned a lieutenant in the navy, senior grade. Mitchell Williams will be in charge of the bureau in his absence.

The Virginia Rating Bureau now has 18 men in the service. The honor roll is headed by Albert K. Earnest, naval aviator, who distinguished himself at the Battle of Midway.

Clarence B. Kronquist of Chicago, special agent in the middle west for the automobile department of America Fore, is being inducted into the army this week. Prior to his departure he was given a farewell luncheon by the employees of the automobile department and was presented with a gift. He has been with America Fore 13 years.

Richard Hasse of the investment department at the home office of Stand-

ard Accident has entered the army. Robert Jackson of the bonding department is in the air corps. There are 135 Standard employees now in service.

Clyde T. Higginbotham, Jr., junior partner in the Clyde T. Higginbotham & Co. general agency at Jacksonville, Fla., will enter naval officers training school at Columbia University, New York, Dec. 7.

Vernon Hartung, special agent for Security Fire of Iowa in Illinois, has joined the army as a voluntary officer candidate and is now stationed at Ft. Sill, Okla. Mr. Hartung assisted State Agent R. R. Mittelbush in traveling the state and also did inland marine work.

C. D. Dunne, associated with his father, J. E. Dunne, in the "Insurance Index" of Louisville, is in the army at Camp Siebert, Gadsden, Ala.

Lieut. (j.g.) Donald P. Luckham, U. S. N., who is on leave as administrative assistant of the California department and who has been on sea duty for several months, has completed his tour of duty and has been ordered to report to Miami, Fla., for a course of special instruction.

At a meeting of the Mountain Field Club in Denver, six more names were added to the list of members who have entered army and navy service, making total of 15.

Report on National Council

NEW YORK—An exhaustive report covering the operations of the National Council on Compensation Insurance the past year was presented by General Manager W. F. Roeber at its annual meeting here Dec. 3.

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INSURANCE COMPANY
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AD 1841

COMPANIES

Murray Named Brokerage Head

The stockholder dividend declaration of the Aetna Life companies this year are on the same basis as in 1941. Aetna Life declared an extra of 20 cents and

The Accident & Health Bulletins help get business. For information write 420 E. Fourth St., Cincinnati.

YOU NEVER KNOW WHO'S LISTENING

IT is the duty of every insurance man and woman, as it is the duty of every American, to be particularly careful what he says and where he says it. The insurance business is so closely interwoven with manufacturers of essential army and navy supplies, that it is natural those in the insurance business frequently know in advance of new plants, additional employees, vital machinery about to be installed, and similar information. Engineers, inspectors and claim men have intimate knowledge of men and machinery in many a plant which is a cog in the wheel of the machinery which is making America the Arsenal of Democracy. Don't tell all you know. Don't repeat any information about any risk in any public place. Don't give the enemy the tip-off. You never know who's listening. Your best friend may be the sort of a person who likes to show off his knowledge, acquired from you, by saying, "Why an insurance man told me just the other day . . ." Get the proper information to the proper authorities as promptly as possible. *But make absolutely sure it gets nowhere else.* Such warnings have appeared before and will appear again. They should be repeated again and again.

You Never Know Who's Listening



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EDITORIAL COMMENT

HOLC and WDC

Because the Home Owners Loan Corporation, unlike most mortgagees, does not insure the properties it owns against war damage or insists that its mortgagors buy the coverage to protect the HOLC's interest, some agents have commented on the apparent inconsistency of one agency of the government doing its utmost to push the sale of war damage insurance while another agency apparently feels that it is not worth having. There is some danger that agents will take this situation as a reason for relaxing the fine efforts they are making to bring the government's war damage coverage to every member of the public who has anything to insure.

Those who are closely in touch with the situation, however, feel that the HOLC is entirely consistent and has good reasons for its attitude. They point out, first, that the HOLC is merely conforming with government practice in not insuring the properties it owns outright. Further, as a practical matter the HOLC's properties are so widely distributed that it could carry the war damage risk with a minimum chance of being hit hard by a catastrophic loss.

Then, as far as the HOLC's position as mortgagee is concerned the same situation as regards spread of risk would apply. There is additional protection to the HOLC in that it has a first lien on the entire property if the insured defaults in his payments, no matter what the cause. Thus there would be the value of the land plus whatever salvage value there might be in the house after being bombed or burned.

If the value of the property should not be sufficient to take care of the HOLC's claim the owner would still be personally liable and the HOLC would

be entitled to attach any other property he owned and to garnishee his salary. For these reasons it is obviously to the mortgagor's interest to buy war damage insurance to protect not only his own equity but the HOLC's mortgage. Undoubtedly many local HOLC administrators have pointed this out to their borrowers and used a certain amount of moral persuasion even though the HOLC itself has done nothing officially.

It is also possible that a reason why the HOLC has not insisted on its borrowers buying war damage insurance is that the corporation feels some doubt as to its legal right to insist that the mortgagor insure against war damage to cover the lender's interest. Many institutional lenders have been doubtful as to how far they are legally entitled to go under their mortgage contracts in insisting that borrowers protect the lender's interest under the mortgage contract.

Obviously war damage was not contemplated at the time that most of these contracts were drawn. However, a majority of these lenders have "requested" their mortgagors to insure against war damage. Some of these communications have been masterpieces of indirection, convincingly giving the casual reader the impression that he is legally obligated to insure but not actually saying so. It is possible that the HOLC is sufficiently unsure of its ground that it prefers not to be in the position of demanding something it cannot legally enforce.

As far as the effect of the HOLC's attitude on agents' sale of war damage insurance is concerned it seems obvious that they should not regard it as a reason for cooling off but that they should make particular efforts to sell those home owners whose mortgages are held by the HOLC.

Insurance Is Meeting the Challenge

MANPOWER is one of the real problems facing the insurance business and will grow more acute as the war goes on. There is some tendency to loosen up, to do things a little less well because they are more difficult to get done. The inclination is to say, "Oh, let it go." However, the situation has proved a challenge to the best minds in the business, and they have met the problem positively rather than negatively. It has stimulated their ingenuity and resourcefulness, and they are vigorously attack-

ing the daily problems of handling business and getting new customers.

A fire insurance office that formerly mapped every daily that came in now maps only residences on which there is \$3,500 or more of insurance. As a result the office has saved about one-third of its map work.

The only danger with respect to experience is that in unprotected towns it is likely to get a second policy on a risk on which the net retention would ordinarily be less than the total of the two.

But in unprotected towns the "second" policy is seldom written. Assured with a \$4,000 home buys \$3,000 insurance and no more.

There is in most cases no danger of getting too much business on a residence in a protected town because the office will accept a line up to \$20,000 anyway.

Another move to economize time and labor which has been instituted by this office is in connection with new business. The office always watches new business very carefully and nurses along the new agency sources of that business. Letters of appreciation are sent out and other note taken of the new offerings. Now, however, the office is keeping check only if the premium from the new source is \$10 or more. It is amazing the amount of business under \$10 that a large office will get, and consequently

a considerable amount of detail work is being saved.

There are other ways in which time can be conserved without impairing the fundamental quality of results. The frequency with which figures are compiled for survey by the executives has been reduced in some cases, and this helps the accounting department.

In recent months office routine dropped behind in one department or another, and employees faced with a bad situation, easily became discouraged. With the new short cuts, the office has caught up, and this has had an excellent effect on morale. There is more enthusiasm, and employees are getting work out on time.

The business has faced and overcome many tough problems in the past, and is capable of meeting the present emergency creditably and successfully.

PERSONAL SIDE OF THE BUSINESS

W. T. Shirley of Chicago, plant protection inspector for the army air forces, and former special agent of New York Underwriters, is the proud father of a 7¼-pound girl, Lynn Ellen.

The Piper & Stiles agency at San Antonio, Tex., headed by **William L. Stiles**, now is in its 48th year. The agency has written policies for practically every organization in the city, yet has never had a loss contested in court. When it started, the average rate on dwellings and contents was about \$20 per \$1,000 for three years, and is now less than \$5 per \$1,000. Mr. Stiles took an active part in the enactment of the schedule rating law in Texas under which there is a credit for a good community fire record. F. A. Piper, Mr. Stiles' partner, died in 1931.

Jack A. Reed, Kansas state agent of Aetna Fire, and Mrs. Reed celebrated their 25th wedding anniversary with an open house Sunday. Most of the field men and their wives living in Topeka helped them celebrate.

Charles C. Hannah, vice-president Fireman's Fund group, has been re-elected a director of the San Francisco Chamber of Commerce. He recently served as chairman of the campaign committee for the San Francisco War Chest, which exceeded its goal after a few weeks of effort.

E. J. Jayne, manager of the North America's brokerage department, spent a couple of days in Chicago this week, and then returned to headquarters in New York.

Guy Rolien of Little Falls, Minn., recently appointed chairman of the rural agents committee of the National Association of Insurance Agents, will be given a complimentary dinner Dec. 17 by the Central Minnesota Agents Regional Association, of which he has long been an active member. The dinner will be at Little Falls and probably will be attended by some of the officers of the state association.

As civilian defense district chairman in the area adjacent to the Underwriters

Laboratories in Chicago, **C. R. Welborn** of the laboratories has been giving OCD workers a thorough training by staging demonstrations.

Theodore D. Olmsted, secretary of the fire department of Automobile and Standard Fire, observed his 25th anniversary with the companies Dec. 1. A native of St. Paul, Mr. Olmsted was with the Factory Insurance Association, Weed & Kennedy in New York City and Hutchinson, Rivinus & Company in Philadelphia before joining Aetna Life affiliated companies in 1917 as assistant superintendent of the special risk department. In 1919 he became superintendent of the service department and in 1924 he was elected assistant secretary of the fire department. He was elected secretary in 1940.

DEATHS

M. Joseph Lane, 57, treasurer of E. V. Lane Reports, Boston, an insurance reporting concern organized in 1928 by Mr. Lane and his brother, died at his home in Newton, Mass.

Mrs. Mary C. Weddell, widow of the late Thomas R. Weddell, editor of the "Insurance Post," and for some years Chicago representative of the "Insurance Field," died at her home in Hinsdale. Mr. Weddell died in 1934.

Frank L. Renner, for 35 years Louisiana state agent of Liverpool & London & Globe, with headquarters in New Orleans, died in the home of his sister in Natchez, Miss. He retired from active duty early in 1941. He was in the insurance business more than 50 years, starting as clerk in the local agency of Maj. L. Rawle at Natchez about 54 years ago. After four years with Major Rawle he joined the old Underwriters Inspection Bureau in New Orleans. He then became secretary of the Insurance Exchange at Memphis and in 1903 joined Liverpool & London & Globe.

John R. Haney, 34, Salt Lake City,

THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO. Telephone Wabash 2704. EDITORIAL DEPT.: C. M. Cartwright, Editor. Levering Cartwright, Managing Editor. News Editor. Kenneth Force. BUSINESS DEPT.: John F. Wohlgenuth, President. H. J. Burridge, Vice-President and Secretary. John Z. Herschede, Treasurer. W. A. Scanlon, G. C. Roeding, O. E. Schwartz, Associate Managers.

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NEW YORK OFFICE — 123 William St., Tel. Beekman 3-3958. Editorial Dept. — G. A. Watson and R. B. Mitchell, Associate Editors. Business Dept. — N. V. Paul, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.

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Subscription Price \$4.00 a year (Canada \$5.00). Single Copies, year (Canada \$8.00). Entered as Second-class Matter April 25,

DES MOINES OFFICE — 3333 Grand Ave., Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT OFFICE — 1015 Transportation Bldg., Tel. Randolph 3994. A. J. Edwards, Resident Manager.

MINNEAPOLIS OFFICE — 500 Northwestern Bank Bldg., Tel. Geneva 1200. R. W. Landstrom, Resident Manager.

20 cents. In Combination with Life Insurance Edition, \$6.00 a year. 1931, at Post Office at Chicago, Ill., Under Act, March 3, 1939.

PHILADELPHIA OFFICE — 1127-123 S. Broad Street. Telephone Pennypacker 3706. E. H. Fredrikson, Resident Manager.

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New Officers of Philadelphia Group



The newly revitalized Philadelphia Agents & Brokers Association is being strongly supported. From left to right are J. Alden Tift, Tift Layer & Co., secretary; Howard S. Coe, Coe & Coe, president; Herman D. Wolff, Kressler, Wolff & Miller, Easton, Pa., national

councillor Pennsylvania Association of Insurance Agents; John K. Payne, Hare & Chase, board member; John W. Doriss, Doriss & Smith, vice-president, and William Bishop, Harkness, Peyton, Bishop, treasurer. They are expected to provide a vigorous administration.

state manager of Oregon Mutual Fire for 2½ years, died in a San Francisco hospital from complications following a major operation. He went to Salt Lake early in 1940 from Portland, Ore.

Dwight J. Lalone, one of the best-known local agents in Spokane, Wash.,

died there after a brief illness. He had been in the business 22 years and was active in civic affairs.

Mrs. Mary Agnes Martin, mother of Ray Martin, secretary of the Ohio Association of Insurance Agents, died Saturday at her home in Cleveland.

Make New Classification Proposal

The experts of the New York department have prepared a suggested classification proposal for single state reporting of fire insurance experience to

take the place of the present National Board 26-classification form. This is subject to distribution by construction groups and protection

Cross Reference
to Present
Class Number

Class No.		
Residence Properties		
010	Private dwellings and outbuildings (not more than three families) N.O.C.	4
020	Private dwellings (not more than three families) with mercantile occupancy on grade floor. N.O.C.	6 & 6(a)
030	Apartment houses (more than three families) N.O.C.	4 & 4(a)
040	Apartment houses (more than three families) with mercantile occupancy on grade floor.	6 & 6(a)
Household contents:		
015	In class 10 buildings.	4
025	In class 20 buildings.	7 & 7(c)
035	In class 30 buildings.	4
045	In class 40 buildings.	7 & 7(c)
050	Hotels, boarding houses, clubs, Y.M.C.A.'s.	19
055	Seasonal properties, including dwellings, hotels, etc.	4 & 19
Mercantile, Warehouse and Office Properties		
Buildings:		
100	Minimum class-rated	6
120	Mercantile, schedule-rated (incl. private warehouses).	6
140	Office, scheduled-rated	6
150	Public storage warehouses	8
Contents:		
160	Low susceptibility	7, 7(a), 7(b) & 8
220	Moderate susceptibility	7, 7(a), 7(b) & 8
350	Severe susceptibility	7, 7(a), 7(b) & 8
450	Extreme susceptibility	7, 7(a), 7(b) & 8
Manufacturing and Special Hazard Properties and Warehouses connected therewith (N.O.C.)		
Buildings:		
500	Sole-occupancy	8, 9, 10, 11, 12, 16, 18, 20 & 22
510	Multiple-occupancy	
Contents:		
520	Slow burning or incombustible.	
550	Moderate burning	
620	Free burning	
700	Quick burning	
750	Intense burning	
780	Flash burning	
Miscellaneous Classes		
060	Farm property-owner-occupied	5
065	Farm property-tenant-occupied	5
070	Churches and chapels	1
080	Public buildings, hospitals, sanitariums, asylums, jails, public homes, museums of art.	2
090	Educational institutions—public and private.	3
800	Theaters and motion picture houses.	24
805	Railroad properties owned and used by railroad as such and insured under railroad schedule.	00
810	Public utilities including gas plants, electric light and power plants, traction car barn and rolling stock, water works, N.O.C.	23
820	Piers, wharves and ferry slips including warehouses and other structures thereon.	8
830	Grain elevators and warehouses including those operated in connection with mills.	15
840	Cereal and flour mills, stock food factories, grist feed and feed mills.	15
850	Lumber yards.	21
860	Mining risks—all classes including mining dredges.	13
870	Oil risks—mineral—including refineries, derricks, pipe lines, oil tanks and sumps, distributing and filling stations.	17
880	Cotton gins.	14
890	Risks, N.O.C.	00
Sprinklered Properties		
Buildings:		
900	Manufacturing—sole-occupancy	25 & 26
910	Manufacturing—multiple-occupancy	
920	Non-manufacturing.	
Contents: Manufacturing and non-manufacturing		
930	Grade V	
940	Grade W	
960	Grade X	
980	Grade Y	
990	Grade Z	



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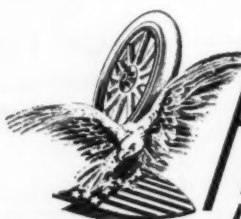
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Sickness



Automobile Accidents



Loss of Use of Property



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Loss of Services

These are the **Costs, Damages and Expenses**—our Comprehensive Personal Liability Policy pays for you.



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The NATIONAL UNDERWRITER

December 3, 1942

CASUALTY AND SURETY SECTION

Page Seventeen

Conflicting Views Voiced on Interstate Problem

Fundamentals in Fire-Casualty Fields Are Pondered by Commissioners

NEW YORK—Though the commissioners would have preferred an interstate rating proposal to cover both fire and casualty business, the views of the representatives of the two branches were too far apart to be reconciled even though a joint session was held to try to arrive at a common solution, Superintendent Pink of New York said at the meeting of the committee on interstate underwriting, which he heads.

Reports were presented by Chase M. Smith, National Retailer Mutual, chairman of the fire insurance advisory committee of Mr. Pink's group; Rollin M. Clark, Continental Casualty, chairman of the casualty advisory committee; and R. W. Howe of Richmond, chairman of the producers committee. There was a minority report by the two mutual members of the casualty committee, H. J. Ginsburgh of American Mutual Liability and H. W. Yount of Liberty Mutual.

Mr. Smith touched only briefly on the fire committee report, as it was available in printed form. Alluding to the Atlanta grand jury investigation, he said the committee was somewhat uncertain whether it was timely to consider interstate rating until the issues on 'nation-wide rating are finally determined. He said that the fire insurance nationwide rating organization proposal is in principle the same as what is now done, though in actual practice the latter is understood to be "vulnerable to criticism."

Mr. Smith expressed the opinion that if the problem can't be solved along the lines outlined in the report it can't be solved in any other way. The report is summarized elsewhere in this issue.

Clark Stresses Uniformity

In presenting the casualty committee report Mr. Clark stressed the necessity of having all commissioners interpret their laws uniformly if the plan is to succeed. He expressed the opinion that the majority report and the minority report were not so very far apart. The majority report recommended that both prospective (guaranteed cost) and retrospective rating plans for workmen's compensation be worked out for multiple state application on a basis which would embrace a fair and adequate system of graded commissions and other expense loadings, while at the same time further studies should be made in the present method of experience rating with a view to making any improvement found feasible for the purpose of accurately reflecting the experience of individual risks in the determination of pure loss costs.

The report points out that solution of the large multiple state risk problem

C. O. Pauley Is Signally Honored at N. Y. Dinner

NEW YORK—A testimonial dinner was tendered C. O. Pauley, secretary of

Great Northern Life of Chicago, at the New Yorker Hotel Monday evening by representatives of the Health & Accident Underwriters Conference, Bureau of Personal Accident & Health Underwriters and Insurance Economics Society of which he is president. He devised the plan for the \$5 premium war injury policy.

He did yeoman service in settling the income tax bill applying to companies writing life, health and accident insurance and has participated in other legislative activities. He was presented a wrist watch.

S. C. Carroll, vice-president of Mutual Benefit Health & Accident, was presiding officer. He is a native Kansan and he featured other Jayhawkers who sprang from the sacred soil: W. T. Grant, president Business Men's Assurance, President E. H. Henning, Illinois Bankers Life; Superintendent Scheufler of Missouri. As the guest of honor sprang from the same state, Kansas was the banner commonwealth, which numbers among its sons General Eisenhower.

Others who spoke were W. G. Alpaugh, Inter-Ocean Casualty, president H. & A. Conference; W. E. Hein, State Mutual Life, president International Claim Association; Frank White, Royal Indemnity, chairman of the bureau; Ralph Brann, secretary of the bureau; H. R. Gordon, executive secretary H. & A. Conference; Commissioner Viehmann of Indiana; J. J. King, Hooper-Holmes Bureau; Isaac Miller Hamilton, board chairman Federal Life; W. G. Curtis, president National Casualty; C. M. Cartwright, THE NATIONAL UNDERWRITER.

Mr. Pauley stated the health and accident business faces a grave crisis in that the government bids fair to enter the compulsory insurance field. Social benefits are already paid under the social security act. An attempt is being made to enlarge its scope. It 1941 its income was \$688,000,000. It paid benefits under the 1 percent tax of \$64,000,000. Its salaries and traveling expenses were \$15,000,000. Mr. Pauley declared the private companies are doing a far better job than could be offered by any compulsory socialistic scheme.

must involve a means of bringing down the rate in all states to actual cost plus a reasonable profit so that there will be neither margin nor necessity for further reduction in non-regulated states. This can be effected through graded loadings or through retrospective rating plans which inherently involve a system of graded loadings. In either case the

(CONTINUED ON PAGE 21)



C. O. Pauley

October Traffic Deaths 49% Below 1941 Record

The nation's traffic toll was cut in half in October from a year ago, the National Safety Council reports. The drop of 49 percent was the greatest in the nation's history, and the 2,000 traffic deaths for the month represent a saving of 1,920 lives compared with October, 1941.

The first 10 months of the year brought a reduction of 27 percent from the same period last year—23,290 fatalities against 31,820 last year, or a saving of 8,530 lives.

Travel was off 23 percent in September from a year ago and 15 percent for the first nine months.

This year's October total was 11 percent below that of September, whereas an 8 or 9 percent increase is normal.

Even after 4½ months of gasoline rationing in the eastern seaboard states, fatality reductions in those regions are not as great as in many other parts of the country.

The ten-month reduction for the various regions were: North Atlantic, 20 percent; south Atlantic, 31 percent; north central, 25 percent; south central, 28 percent; mountain, 31 percent; Pacific, 23 percent.

For the week ended Nov. 21, according to the Bureau of the Census, the traffic fatalities were 20.9 percent below those for the same week a year ago. For the first 46 weeks of this year the fatalities were 16.1 percent below the corresponding period of 1941 and 9.6 percent below the three year median 1939-1941.

Travelers and Aetna Life Pay Year End Bonuses

HARTFORD—Travelers and Aetna Life have voted extra year-end compensation to full time employees, in accordance with the procedure of past years.

Approximately 12,000 employees of Travelers are to receive extra pay of 8½ percent of their yearly earnings, up to a ceiling of \$500 for any individual. Based on wages and salaries for the year ending Dec. 1, the amounts are to be distributed quarterly beginning Dec. 15. Each quarterly amount will be paid only to employees on the active payroll at that particular time.

Aetna Life will pay extra compensation of 5 percent of yearly earnings to about 8,000 salaried officers and full time employees. Employees who have gone into the armed forces or other service connected with the war will be similarly rewarded for their services prior to their departure for active duty.

No Longer Welcome the \$1,000 Limit Auto Policy

Since the recent drastic automobile P. L. and P. D. rate reductions were made, several important casualty companies have notified the field that they no longer welcome the \$1,000 single limit policy. Apparently they feel that the premium for the smaller contract, 28 percent below that for standard limits, is no longer adequate.

Life, Personal Accident Losses Heavy in Boston

Night Club Holocaust May Result in Large Insurance Claims

From an insurance dollars and cents standpoint, by far the heaviest loss in the Cocoanut Grove holocaust in Boston will come under life insurance and personal accident policies. The fire insurance loss is not important and it may be exceeded even by claims against inland marine insurers for furs, jewelry, etc.

The crowd was apparently composed of persons of very good financial circumstances and the assumption is that a large number were very well insured both in respect of life insurance and personal accident. There will undoubtedly be numerous payments also under the double indemnity provisions of life insurance policies. Most personal accident policies provide for double the capital benefits in the event of death within a burning building if the assured was inside the building when the fire started and there are some contracts that provide triple and even quadruple benefits under these circumstances.

May Involve Reinsurers

The reinsurance companies are likely to be presented with claims not only for their portion of death benefits under large individual policies but also under catastrophe excess covers. The latter usually pays losses in excess of \$50,000 or \$100,000 involving five or more lives in one accident.

A good many of the victims were college students and men in uniform and presumably they were not heavily insured, but there were also many older persons.

Fire prevention experts attending the National Fire Protection Association's section meetings in Chicago this week were rather reluctant to pass judgment on the Boston fire until the full facts are known. It was pointed out that in disasters of this type there is usually no one single cause but that they result from a combination of factors. Although the boy who dropped the match may have been the primary cause, overcrowding and obscure entrances were among the contributing factors.

It is expected that the Boston fire will stimulate action in all sections of the country in adopting drastic precautions such as have followed other disasters. Although the hazards present in the Boston fire have been recognized for years and are present in night clubs the country over, there has been a flagrant disregard of primary fire prevention principles. Night clubs in war plant and army areas are overcrowded and the possibilities of a repetition of

(CONTINUED ON PAGE 25)

Chicago Casualty Round Table Dec. 14

Experts to Review 1942 and View 1943 at Dinner Meeting

The Casualty Underwriters Association of Chicago, in cooperation with a number of other organizations, will sponsor a dinner meeting Dec. 14 at the LaSalle hotel, featuring an open forum discussion on casualty developments in 1942 and what is ahead in 1943. A large crowd is expected.

The discussion will be an informal round table, conducted by the question and answer method, and will touch upon the major casualty and surety lines as well as the general business picture. J. C. O'Connor, editor "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER, will act as moderator, steering the discussion among the participants.

Personnel of Panel

The round table participants will be F. J. Grennan, automobile superintendent Ocean, A. K. Layden, burglary and plate glass superintendent Zurich, W. J. Bremer, assistant compensation and liability superintendent Hartford Accident, J. I. Johnson, bond superintendent Aetna Casualty, and J. K. Dennis, superintendent of agents personal accident department Continental Casualty. Each man will answer questions in his own field and will also be subject to questioning and cross-questioning on general topics.

Participating organizations are the Association of Casualty & Surety Managers, of which J. M. Fraser, L. & L. Indemnity, is president, Surety Underwriters Association of Chicago, of which Mr. Johnson is president, and Chicago Accident & Health Association headed by W. W. Pierce, manager Massachusetts Indemnity.

Reservations may be made through any of these organizations or through the officers of the Casualty Underwriters Association. D. K. Weiser, superintendent of agents Aetna Casualty, is president, R. M. Moore, casualty superintendent Fireman's Fund Indemnity, vice-president, and H. L. Bredberg, vice-president National Service & Appraisal, secretary.

Fulton Champions Cause of State Supervision

(CONTINUED FROM PAGE 1)

American way of life as it has been known will be a thing of the past.

Superintendent Pink of New York in closing the luncheon meeting paid a high tribute to his associates in the department, both those under civil service and those who will be subject to political change. He also spoke most enthusiastically about his contacts with insurance commissioners and their staffs and said that he had been greatly helped by insurance people. He had consulted many of them and had found everybody most agreeable. It was "a swan song" for Mr. Pink, as undoubtedly Governor-elect Dewey will appoint his successor in due season. The insurance fraternity as well as the commissioners have always found Mr. Pink fair and square and he has been a great help to the association.

Commissioner Williams of Mississippi acted as toastmaster. He asked Mr. Pink to introduce Mr. Fulton. Mr. Pink said he was gratified at the opportunity of introducing Mr. Fulton as the speaker, because while everybody was familiar with the very large companies they were not so well acquainted with the others.

Commissioner Williams said that the attendance at the luncheon was more than 650, or about the usual attendance. He remarked that this convention was fraught with more seriousness and serious problem than at any previous time. He commended the smooth functioning of the committees.

Ask Smaller Auto Rate Reduction in Virginia; Continue Hearing to Dec. 9

RICHMOND, VA.—The Virginia corporation commission has continued its hearing of Nov. 24 on the proposal reduction in automobile bodily injury and property damage rates until Dec. 9, to permit the National Bureau of Casualty & Surety Underwriters and the Mutual Casualty Insurance Rating Bureau to file smaller reductions. The original filing provided that holders of A gasoline rationing cards would receive a 28 percent reduction in the rates, B card holders 19 percent, and C card holders 10 percent. The new filings will propose rate reductions of approximately 20, 10 and 2 percent, respectively.

Oscar W. Shewmake of Richmond, president of the Virginia Auto Mutual, opposed proposed rate reductions as made purely to meet competition. Anyway, he said, American Automobile's recent reductions do not apply in Virginia. His company, he said, has been allowed to deviate from manual rates about 20 percent. He said the rate level in Virginia is already far below that of neighboring states, and that a Chevrolet owner in July, 1937, paid \$33 for liability coverage, compared with \$20.20 in July, 1942, a reduction of 38.8 percent. Under the reduction proposed Nov. 24 the premium would have been \$14.35. Yet automobiles in Virginia have increased from 367,318 to 436,877.

The commission is expected to hear more evidence and to study all of the data available on accidents under gasoline and tire rationing before it passes on the rate reduction now proposed.

Two Aetna Conservation Films

Two films distributed by Aetna Life affiliated companies have been favorably reviewed by the American College of Surgeons and are now authorized to carry the legend "passed by the committee on medical motion pictures of the American College of Surgeons."

The first film is "Sentinels of Safety," a conservation motion picture dealing with the prevention of accidents in and around the home. The second film is "Handle With Care," a practical first aid film which brings out the dangers of improper care and portrays many approved first aid techniques.

Pre-trial Hearings on Claims

MILWAUKEE — Pre-trial conferences on 151 claims against Mid-Continent Mutual of Milwaukee, now in liquidation, have been started before Judge Breidenbach in circuit court here. The claims total \$213,719. The company specialized in automobile coverage for motorists whose drivers' licenses had been suspended until they could show financial responsibility. The Wisconsin department took over the mutual last June.

Discuss Staggered Hours Plan

LOS ANGELES—The Casualty Insurance Association of Southern California discussed the staggered hour problems and named President James S. Hurry as its representative on the conference committee that will meet with the Southern California War Transportation Council to iron out kinks in the smooth working of the plan.

Smith with Sinclair Agency

Robert C. Smith, formerly casualty field assistant of Travelers in New Orleans, has gone with the Sinclair Agency of Travelers there.

Bohen in Chicago

Arthur C. Bohen of Preferred Accident's home office has been visiting the midwestern department office in Chicago for the past two weeks on agency matters. He and Manager Walter H. Clamahan visited a number of agencies in the territory.

Reject Extension of Social Security

WASHINGTON—The House ways and means committee in executive session has turned down President Roosevelt's request for quick committee action on the pending bill to amend the social security act to authorize additional expenditures for child welfare in defense areas. The committee voted to pigeonhole the bill.

The action comes at a time when the President is in readiness to submit to Congress a proposal to expand the whole social security system, including nationalization of the state unemployment compensation setups. A brochure covering the proposals, with endorsements of various labor leaders, has been prepared by the American Council on Public Affairs for distribution among members of Congress. Whether the President in the face of the committee's action on the child welfare bill will send in proposals now for change in the social security act is not indicated.

Agents' "Ads" Coupled with Mailing of Checks

National Surety is offering a plan whereby individual producers can effectively tell the middleman story to their own communities.

The producer inserts his business and personal checks in a two-color check-mailer. The outside flap, cut on a bias to expose the amount of the check and printed in bold red, reads: We Enjoy Sending You This Check.

The story continues on the inside and says "... because it is a real satisfaction to deal with people so highly regarded locally. In our opinion, your profits as a middleman member of the American business system are well earned.

"We need your expert advice and integrity in our relations with your business. We hope you see the need of an expert purchasing agent in the complex insurance field.

"When you fail to deal with a local insurance agent, you not only lose his friendly, able advice—you inevitably whittle down the size and number of checks like this one, which are made possible by the American agency system."

On the reverse the check-mailer advises: "Take up your insurance and bond problems with ... middleman in the American business system representing top flight insurance companies like National Surety Corporation and National Surety Marine Insurance Corporation."

National Surety will imprint and furnish check-mailers to any agent or broker willing to use the plan.

Peoria Club Membership Rises

The membership drive of the Peoria (Ill.) Accident & Health Association was the most successful ever conducted. The drive was under direction of James Smith of Illinois Mutual Casualty, general chairman. Membership has increased to 35. A meeting will be held Dec. 4 at which R. L. Vandenburg, income tax counsellor with Gauger & Diehl, Peoria firm, will talk on "What Do You Know About Taxes?" He will discuss the effect of new taxes on insurance.

Joint Meeting in Los Angeles

LOS ANGELES—Insurance Post 513 American Legion and the Casualty Insurance Adjusters Association of Southern California will hold a joint meeting Dec. 10. Boyd Comstock, news commentator, who recently returned from Europe, will speak.

E. J. Junker with Colonial

Edward J. Junker, formerly of San Francisco, has been appointed special agent of Colonial of Los Angeles at the home office.

Man-Power Recognition of Certain Employees Asked

Commissioner Viehmann of Indiana has addressed the war man-power commission requesting that when the proper time comes the committee on essential activities include as essential the work of experienced claims attorneys and associated service employees of insurance companies that are writing compensation insurance. He asks that such persons be permitted to continue in their present engagements rather than be diverted to other types of civilian war time activities. These people, Mr. Viehmann states, are all specially trained in their present duties and their efficient administration of the work is of great value to the general conduct of the entire war effort in Indiana.

N. J. Compensation Rating Bureau Chairman Dies

A. R. Lawrence, chairman of the Compensation Rating & Inspection Bureau of New Jersey, died suddenly at his home in Upper Montclair, N. J., Tuesday. He was seriously ill a year ago, but presumably had fully recovered and had handled the affairs of his office with his accustomed energy and ability. Lawrence was a regular speaker at meetings of the New Jersey Association of Insurance Agents and had always cooperated closely with the local agents.

Born in Yonkers, N. Y., in 1888, he was graduated from Stevens Institute of Technology and shortly afterward joined Fidelity & Casualty. He had held the New Jersey post since 1921.

Oregon Assigned Risk Plan

PORTLAND, ORE.—The Oregon automobile assigned risk plan is expected to go into operation at an early date, most of the automobile bodily injury and property damage carriers licensed in the state having signified their intention of participating. A final meeting to approve a draft of the plan will be held early in December. Fred C. Reed is chairman of a committee representing all types of companies.

It was decided at a recent meeting of the committee that the plan would be modeled along the lines of the one in use in Washington since January, 1941.

Can Insure Service Men's Cars

Massachusetts agents may secure registration and liability insurance for cars owned by members of the armed forces overseas including WAACS, WAVES, or coast guardsmen. Governor Saltonstall has issued an order permitting a father, mother, sister, brother, wife, husband or child over 18 with direct or implied authority to register a car for 1943, or any other person with written authority. The person thus registering the car takes full responsibility for the registration including the carrying of his own insurance. If the war should end in the middle of the year, the insurance in force will continue to the end of the year under the same name as written.

Zepf with Royal, Eagle Indemnity

Arthur Zepf has been appointed special representative in casualty and surety lines of Royal Indemnity and Eagle Indemnity to travel the middle western states with headquarters in Toledo, contacting agents particularly on boiler and machinery business.

General Transportation Dividends

General Transportation Casualty & Surety of New York, a participating stock company, announced its dividend for the policy year 1942 will be 20 percent on automobile and other liability coverage and 15 percent on workmen's compensation. Plans for entering additional states early in the new year are under way.

State Insurance for All Is Urged in British Report

Beveridge Proposal Would Cover Every Form of Want and Insecurity

Complete and compulsory state insurance for the entire British people against every form of personal want and insecurity is proposed in the 100,000-word report of the committee headed by Sir William Beveridge, noted economist. According to Reuters, British news agency, the shock of the plan's direct challenge to insurance companies, friendly societies and all who oppose nationalization of social security will be second only to the stir that will be produced by the realization of the annual cost of the scheme, which would be close to £800,000,000.

Because of the support that the Beveridge report will furnish advocates of social security extension in the United States and because this country has tended to follow European and particularly British social insurance prototypes the British proposal is bound to be studied with great interest in this country. The Reuter's dispatch points out that the Beveridge plan is the first program yet devised to turn "freedom from want" from a phrase in the Atlantic Charter into a practical reality.

Holds It a State Necessity

Sir William bases his whole policy on the argument that the "tinkering" with social security in Britain has achieved entirely inadequate results against the problem as a whole and reorganization on a complete national scale without regard to commercial interests or partisan controversy is a state necessity, the dispatch states, and adds that "this argument hits directly at the huge and powerfully organized British insurance industry."

The Beveridge plan proposes a government substitute for the 70,000,000 industrial policies on which companies have more than £1,000,000,000 in force and receive nearly £60,000,000 a year, an amount equal to more than one-third of the premium income of the entire British life insurance business.

Would Cover Entire Populace

The proposal provides that the entire population, including housewives, but excluding children and old people, would be covered by comprehensive state insurance against any risks that threaten them with hardship and want. Aged persons would be taken care of by "retirement pensions" a term which Sir William prefers to "old age pension." The qualifying age would be 65 for men and 60 for women. Children would be paid a personal allowance.

The sickness benefit under the plan would take care of the needs not only of the patient but of his dependents as well. An automatic corollary of the sickness plan will be a nationalized and fully comprehensive medical service for all. It would broaden the present state panel of doctors into a unified organization covering hospital, specialist and surgical treatments and prenatal and postnatal treatment and convalescence.

Ration Book Cover Offered

Farmers Mutual Automobile of Madison, Wis., has worked out a direct mail solicitation for its agents featuring an offer to those sending back a reply card of a lexide gasoline ration book cover.

Recommends 50% Cut in W. C. Rates on Air Instructors

NEW YORK—The rigid safety measures which the civil aeronautics administration insists on in the schools supplying instruction to civilian pilot training program trainees have so improved the workmen's compensation experience on flying instructors that the manual committee of the National Council on Compensation Insurance has recommended a 50 percent cut in the rate applying to flying time. Higher pay received by pilots is also a factor, as rates are based on payroll.

This recommendation has been conveyed to the state and regional rating organizations. In Illinois, where rates do not need to be filed with the state insurance department, the reduction has already been promulgated. The rate there was formerly \$7.70 per \$100 of payroll.

The recommendation in connection with the reduced rates included the suggestion that the reduction be made retroactive to July 1, 1942. Whether the retroactive provision would apply only to policies issued since that date or to all policies now in force even though issued before July 1 would be for each rating organization to decide.

Basis of Rates

Flying personnel payroll is subject to two rates. For days they fly Code 7404 applies to each such day's pay. The rate was usually in the neighborhood of \$7.50 per \$100 of payroll. For example, a pilot instructor is paid \$3,600 a year, on the basis of 300 working days. For each day he flies \$12 of his salary would be subject to the \$7.50 rate. Code 8858, the same as for ground personnel, applies to the pay he receives on days he does not fly, if he is employed by an approved CAA school, which would of course be the case for all CPT schools. Otherwise code 7408 would apply to ground personnel, the rate being about twice that for approved schools.

The CAA's safety measures are due not only to humanitarian motives but to the vital need of keeping pilot instructors alive and uninjured so they can fill their essential role of instructing new pilots. Instructing is quite a specialized job, requiring not only the usual pilot training but training in the work of being an instructor. Hence their safety is of the utmost importance, for they can only be developed at a certain rate no matter how great the need for them.

Unlike other aviation insurance rates, workmen's compensation rates are worked out and recommended by the National Council rather than the Board of Aviation Underwriters, though sometimes the latter is asked to sit in on conferences on rates on flying personnel. Members of the board are Aero Insurance Underwriters, Associated Aviation Underwriters, Newhouse & Sayre, and United States Aviation Underwriters.

Seek Fire-Casualty Combination

ST. PAUL—The Minnesota legislature which convenes in January may be asked to legalize the writing of fire insurance under certain conditions by casualty companies. Under this proposal the casualty companies would be permitted to write an all-risk policy, including fire, on records. They are now authorized to cover such records against theft, tornado and water damage but under the Minnesota law cannot write fire insurance on them. Some of the casualty companies have been getting around this by writing such business in conjunction with fire companies.

The matter has been placed informally before the executive committee of the Minnesota Association of Insurance Agents, which is considering the possibility of proposing legislation to correct the situation.

Value of Retroactive Extension Rider Is Analyzed by R. T. Wood of Am. Surety

NEW YORK—Use of the retroactive extension rider considerably simplifies the problem of drafting riders to fit individual cases when the question of superseded suretyship is involved, R. T. Wood, manager fidelity department of American Surety, said in an address at the Surety Claim Forum. Many people were doubtful whether an all purpose superseded suretyship rider could be devised for inclusion in the policy, but the retroactive extension rider is working out very satisfactorily, he stated.



R. T. Wood

Generally, the retroactive extension rider is intended to cause the terms of the bond to which it is attached to apply to a loss sustained during the period of any other insurance affording coverage similar to that of the said bond. It is not intended to apply unless the period for discovery of loss under such other insurance has expired, nor unless the insured has continuously carried such coverage from the time the loss was sustained to the time such other insurance was cancelled, and then only if such other insurance was substituted for the coverage of the bond to which the rider is attached.

Superseded suretyship always has worked on the assumption the loss had to be carried by the contract in force when the loss was sustained. The retroactive extension rider carries back any superiority in existing coverage.

When compared with the former superseded suretyship treatment under the NAMS form for savings banks, the retroactive extension rider goes further in two important respects. "Picked up" losses under the former NAMS form must have been covered under the bond or policy in force at the time the loss was sustained. This is not a requirement of the retroactive extension rider which requires only that coverage in force at the time losses are sustained gave some or all of the coverage afforded under the applicable insuring clause of the bond to which it is attached. It also operates automatically as respects

coverage suspended in the future. However the NAMS form has been revised to provide similar coverage.

By comparison, the HAN (C) policy of London Lloyds covers losses sustained or discovered to have been sustained during its term. The present Lloyds bond provides for a discovery period only in the event of termination or non-renewal. The form contains an agreement that it shall be deemed to be the renewal of any immediately preceding policy of like nature effected by the insured with carriers of the same group and that in the event of its immediate succession by a similar policy, the said succeeding policy is deemed to be a renewal of it. While coverage is extended retroactively, amounts of coverage are not so extended either under the HAN (C) policy or under the retroactive extension rider.

The discovery bond forms go further than the retroactive extension rider, giving coverage for the entire period of employment of the bonded employee whether or not he was bonded at the time the loss was sustained. It does not, however, provide for any discovery period when canceled by the employer. A 60 day discovery period is provided in the event of cancellation by the carrier.

In place of the 37 superseded suretyship riders for use with the various bond forms, only three forms of the retroactive extension rider are necessary, one for use with Forms No. 2 and 16, another for use with Forms No. 8 Revised and 24, and a third for use with Forms No. 5, 20 and 22. The same retroactive extension rider is used whether the same or another carrier's prior coverage is superseded.

F. J. Byrnes, assistant manager claim department American Surety, introduced Mr. Wood.

A committee consisting of W. G. Bounds, Maryland Casualty; W. L. Flynn, National Surety; and E. W. Fields, U. S. Guarantee, was appointed to confer with law enforcement officials on common problems. It is hoped that the cooperation between representatives of the claim men and the law enforcement officials will minimize losses as well as curb the activities of swindlers who defraud the public.

Mr. Fields will preside at the next meeting of the forum Dec. 9.

Insurance Men Boston Victims

One of the victims of the Boston night club disaster was Timothy M. Feeney of Boston, manager of the surety department of U. S. Casualty. He was formerly manager of Employers Liability at Harrisburg, Pa. His wife died Monday of her injuries.

Funeral services for Mr. Feeney and for his wife were held at Medford, Mass., Wednesday.

David Polson, New England manager of New Amsterdam Casualty with headquarters in Boston, died Monday of injuries suffered in the fire.

Richard F. Pierce, a broker in the office of Fairfield & Ellis, is among the dead.

John A. Pope, a Boston broker, was burned to death.

Abraham Yarchin, broker, and his wife, were severely burned and may not survive.

Among the victims were one girl from Liberty Mutual, one from United Mutual Fire, one from the Lumbermen's Mutual Casualty, and one from United States Fidelity & Guaranty Boston offices.

One of those who escaped from the Coconut Grove Night Club Fire in Boston uninjured was Mrs. Scott J. Dow of Boston, the former Louise Badgerow of Winnetka, Ill., whose father is Harve

Avoids Being Termed Trespasser

NEW YORK—In a case believed to be without precedent, the appellate division of the New York supreme court has upheld a \$20,262 award to a man who lost his right leg and right arm when struck by a locomotive while he was crossing the Long Island railroad freight yards in Brooklyn to seek work from a trucking company that was unloading freight cars. The suit was based on the contention that the plaintiff was not a trespasser as the defendant railroad argued, but had what was in effect an implied invitation that covered his presence in any part of the yard as long as his object was to seek work that directly or indirectly would further the business of the railroad, in this case by helping it expedite the transshipment of its freight.

Badgerow, vice-president of the W. A. Alexander & Co. agency of Chicago.

Charles W. Disbrow, Boston manager of American Automobile, and his wife narrowly escaped death in the Coconut Grove night club fire in Boston. Mr. Disbrow left St. Louis four years ago to take charge of the Boston branch. His late father was the organizer and for many years president of American Automobile.

WORKMEN'S COMPENSATION

Minnesota Board Refuses to Exclude Overtime Pay

ST. PAUL—The Minnesota Compensation Insurance Board, in its order approving rates for 1943, denied two proposals of employers, one that overtime pay be excluded in figuring payrolls, and the other that the rate level be calculated on an actual instead of a modified basis. The board held that not sufficient reason for overtime deduction, or a method of doing it, was presented by employers. As to continuance of the modified basis, the board said that is now an issue before the courts and it did not feel justified in making any change until the court decides the issue.

Vetoes Loss Constant Change

The board approved the bureau proposal to amend the Minnesota exceptions to the unit statistical plan but denied the bureau's proposal for changes in the loss constant. Contractors who for three years have sought to have a grouping of the classifications of pile driving, breakwater construction and levee construction had their request granted.

The board approved an overall reduction in 1943 rates of 1.8 percent, making this the eighth consecutive decline in Minnesota compensation rates. The 39-61 loss-expense ratio was continued.

To Act Shortly on Mo. Rate Reduction Proposal

JEFFERSON CITY, MO.—Superintendent Scheuffer of Missouri has indicated he will take early action on the proposed revision in workmen's compensation rates. There was a hearing last week. The proposal contemplates a 2 percent over-all reduction in the existing level which would result in an estimated saving for 1943 of approximately \$216,000. Approximately 615 classifications are affected, of which 303 show a decrease in rate ranging from 1 cent to \$6.38, and 247 show an increase of 1 cent to \$2.67. Rates for 65 classifications remain the same.

Also considered was a proposal for liberalization of the occupational disease coverage afforded under paragraph (b) of the workmen's compensation policy by endorsement.

Propose Death Benefits for Okla. State Employees

Mott M. Keys, manager of the Oklahoma state insurance fund, has announced a tentative plan under which state, county and municipal employees would be provided with death benefits, the premiums being paid by employees through payroll deductions. This makes it more of a group life plan than compensation insurance.

The plan proposes establishment of a special fund in the state insurance fund office, into which employees whose monthly salaries are less than \$100 would pay 50 cents a month; those drawing between \$100 and \$600 would pay 1/2 of 1 percent of monthly salaries and those receiving salaries in excess of \$600 per month would pay a flat \$3 monthly.

Monthly Income Payments

No employee would be eligible to have death benefits paid to beneficiaries until 60 days after employment by the state. Beneficiaries of state employees who die while on duty would receive a total of \$5,000, of which \$1,000 would be paid on proof of death and the remaining \$4,000 would be paid monthly in an amount equaling the salary of insured at the time of death.

Mr. Keys is undecided whether to submit it to the legislature as a proposed statute or to make it voluntary on the part of each employee. Death benefits

are not provided for by the state insurance fund nor in the compensation law.

Wash. Act Extra-Territorial

SEATTLE—The Washington workmen's compensation act, in certain cases, extends even beyond the state's borders, Assistant Attorney-general Marsh holds in an opinion to the Washington department of labor and industries, which administers the state's monopolistic compensation and medical aid funds, in connection with the sending of employees of the Boeing Airplane Company to war zones outside the state.

"Where an employer is in business within the state and the employees are residents of the state and are sent beyond the territorial limits of Washington to carry on their employment, they should remain within the jurisdiction of the act, regardless of the fact the work is done in a war zone," the opinion said.

Old Minn. Records a Problem

ST. PAUL—What to do with old records that are crowding storage space is bothering both the Minnesota Compensation Insurance Board and the Minnesota Compensation Rating Bureau.

The rating bureau proposes to get rid of most of the records covering years prior to 1934, on the ground that they

no longer figure in rate-making. Employers have indicated that they think records for the last 10 years should be kept fairly intact.

Compensation Map Issued

A multi-colored map of the United States which graphically portrays the comparative status of private insurance and state-managed insurance under workmen's compensation laws in the United States has been published by the Association of Casualty & Surety Executives, brought up to Oct. 1.

States are indicated in solid colors according to five classifications, the state that has no compensation law, states that have monopolistic state-managed insurance, states that have no state-managed insurance, states where private insurance is in competition with state-managed insurance, and the state where state-managed insurance is semi-monopolistic.

Gissenbanner Okla. Bureau Head

OKLAHOMA CITY—J. G. Gissenbanner of Birmingham, Ala., has been appointed manager of the Oklahoma Compensation Rating Bureau. He formerly was manager of the Southeastern Compensation Rating Bureau, with headquarters in Birmingham. He succeeds Finis F. Lefon, who after 17 years service resigned as manager of the Oklahoma bureau to become assistant manager of Commercial Standard in Oklahoma City.

ACCIDENT AND HEALTH

Group Hospitalization Installed at Indiana U.

Establishment of a hospitalization and surgical expense insurance plan for employees on the Bloomington campus of Indiana University and their dependents is announced. All full-time members of the administrative, faculty and clerical staffs are eligible to participate. The insurance will become available in other departments as soon as 75 percent of the employees make application. The insurance was arranged by John Hancock Mutual with Ed R. Grisell, Indianapolis, and George H. Hipp, Cincinnati, assisting in the installation.

Two schedules of benefits are provided—one for employees earning less than \$2,400, and another for those who earn \$2,400 or more. The administrative expenses are borne by the University.

At a cost of \$3.71 per month a professor is eligible for \$6 for each day he is in the hospital, with a 70-day maximum for each disability; up to \$30 for special hospital service fees, and surgical expense up to a maximum of \$150 for each period of disability; and the professor's dependents are each eligible for \$4.50 per day in the hospital with a 31-day maximum; up to \$22.50 for special hospital service fees, and surgical expense up to a maximum of \$75.

A secretary, without dependents, at a cost of \$1.24 per month is eligible for \$4 per day, with a 70-day maximum, up to \$20 for special fees, and surgical expense of \$150.

Western States Mutual Writes Personal Accident

Western States Mutual Automobile of Freeport, Ill., which heretofore has written automobile insurance exclusively, is now entering the field of personal accident insurance. It is offering policies of \$1,000 principal sum and \$50 per month indemnity and \$2,000 principal sum and \$100 monthly and will specialize on farmers on an occupational basis and on defense workers on a non-occupational basis. The premium for the \$1,000 policy for farmers will be \$15 and on a non-occupational basis for defense workers \$8.30. The \$2,000 policy

on farmers will sell at \$29.65 and for the defense worker \$16.30.

The automobile business of Western States has held up well to date, its volume to Nov. 1 being only about 4 percent below the same period of last year.

Hearne with National A. & H.

A. B. Hearne has joined the home office claim department of National Accident & Health, succeeding John B. Mears, who has entered the army. Mr. Hearne has been in claim work since 1912, starting with Globe Indemnity in New York City. Recently he has been operating as an independent adjuster.

Rationing Appeal Made

Representatives of United Commercial Travelers, who conferred recently with Rubber Director Jeffers, urged that salesmen be allowed enough gasoline to do 65 percent of last year's traveling.

SURETY

Warns Against Completing of Bonds by Brokers in Pa.

Commissioner Alexander of Pennsylvania has issued a warning to surety companies that they are in violation of a state statute providing a penalty for acting as agent without license when they permit brokers to complete beer and liquor bonds by inserting the name of the principal. Certain surety companies have been completing bonds except for name of principal and then placing them in the hands of brokers for completion of the bond and the transaction.

Since a bond or any other contract is contingent on a meeting of the minds of the contracting parties, this practice makes the broker the agent of the company entering into the contract, Commissioner Alexander points out. The broker can deliver a bond that has been properly executed and can collect a premium for the company, but otherwise he cannot act as an agent or represent the insurer in any way unless licensed as an agent of the company.

Future transactions of this character, the commissioner warned, will be delib-

erate violations of the law and the department will treat them as such.

Surety Not Liable Under Renegotiation, It Is Held

The surety people have secured from the government an interpretation of the contract renegotiation law which holds that the surety is not liable in case the contractor cannot return to the government "excessive profits" that may be turned up in the renegotiation procedure. Consequently, the surety companies have now eliminated from the performance bond the wording that excludes this liability. This wording was inserted after the contract renegotiation law went into effect.

Bounds Stresses Fidelity Value

NEW YORK—Need for fidelity bond coverage because of the personal elements in the make-up of human beings was pointed out by W. G. Bounds, manager of bonding claims for Maryland Casualty in New York in a talk to the insurance committee of the Young Men's Board of Trade. Citing a case where a \$2,400 a year clerk caused a loss of \$1,000,000 over a period of four years through the padding of penny postal card accounts in a large firm, he discussed the unpredictable factors in human nature which may be guarded against by an employer through fidelity bonds.

Cover Against War Bond Forgery

A bank the other day called an agent to find out if there was any coverage against loss through forgery of war bonds. The agent got in touch with his surety company and found that it insured against such losses under clause E of the banker's blanket bond. This rider was adopted Sept. 1, 1941, and considerably broadens the forgery coverage of the bond.

PERSONALS

R. D. Coburn, vice-president, and L. B. Wilson, assistant treasurer, of Bituminous Casualty, distinguished themselves in their supervision of the recent Rock Island Community War Chest drive in exceeding the city's quota by 14 percent—a quota which was increased 50 percent over last year's figure. Mr. Coburn was community chest president and Mr. Wilson general chairman of the campaign.

George Wilbert Bermes, 22, private first class, an employee of the Chicago office of United States Fidelity & Guaranty, who left last December to join the marines, was killed in action while with the fighting forces on Guadalcanal. The news of this tragedy was received by the Chicago branch a few days ago.

Albert D. Hunt, 42, traveling auditor of Fidelity & Casualty, who had been in ill health for several years, was pronounced a suicide by the coroner in Louisville when his body was found in a garage at his home, with the doors closed and motor running. The building was full of carbon monoxide fumes.

Fight Illegal Taxi Operation

NASHVILLE, TENN.—The city of Nashville is using a law against operation of a taxicab without liability insurance as a means of combating illegal operation of taxis during the gasoline and tire shortage. Many arrests have already been made.

To Give Luncheon to Press

The Association of Casualty & Surety Executives will give a luncheon to representatives of the insurance press at the Bankers Club in New York Dec. 10.

The Surety Association of Minnesota will have a Christmas luncheon party in Minneapolis Dec. 15.

Conflicting Views Voiced on Interstate Problem

(CONTINUED FROM PAGE 17)

method adopted should be extended to all the ordinary casualty lines.

With the backing of the commissioners' association and the cooperation of those in the business, there should be little delay in working out sound rating plans of the type suggested, the report states, and while some laws may have to be modified it is believed that in general the proposed plans can be worked out within the framework of existing laws.

Standards Must Be Sound

"The success or failure, the advantages or disadvantages of rate regulation, depend only to a limited degree on the extent, rigidity or even the quality of their administration," the report states. "Of the greatest importance, however, are the standards by which the legality or illegality of insurance contracts is determined. Given standards which are in themselves unsound, or which in themselves contain elements of unfair discrimination, the very act of regulating the rates to those standards creates the identical condition that most regulatory laws were designed to prevent and avoid."

"In many states today complete compliance with the rate regulatory laws under present rating plans results in unfair discrimination between risks. We feel that these laws should be construed by all states to permit gradation of expenses by size of risk when developed by an equitable method which takes into consideration the interests of policyholders, companies, and producers."

The committee feels that if the problem cannot be solved by giving recognition to the principle of graded commissions and expense loadings it is possible that the situation could be met by modifying existing laws so as to impose proper standards comprehending an adequate and reasonable pure premium, which is automatic under retrospective rating, a reasonable maximum expense loading and an adequate minimum expense loading that may be charged, leaving the range free between the high and the low for gradation and recognizing a rate made within these limits as no violation of the antidiscrimination principle.

As to the complaint that some states do not receive proper premium tax revenues on multiple state risks because rates are cut in open states to arrive at an over-all premium commensurate with the risk involved, the committee points out that under the proposed rating plan the primary goal is to produce an overall rate which would leave little or no margin for tampering with rates in any state, regulated or non-regulated.

Minority Report

In their minority report, Messrs. Ginsburgh and Yount stated that the problem of handling large interstate risks "is important enough to warrant extended consideration for its own solution rather than being used as a vehicle by one group of carriers to further what they conceive to be the solution of their own major competitive problem as against another group. Solutions advanced have appeared to tend toward the latter goal without actually solving the interstate problem as such."

The report also criticizes the majority for singling out workmen's compensation as requiring control for interstate risks, while other casualty lines "are left free and untrammelled in this field." The mutual members contend that universal compulsory retrospective rating not be the answer, since to attain whatever effectiveness it may have retrospective rating must rest on a foundation of accurate standard rates.

"Before universal retrospective rating can be applied some procedure and machinery must be established to determine for all risks of all carriers the proper standard rates, in terms of which all the

values and factors of a retrospective rating plan are expressed," the report points out. It also quarrels with the theory of gradation of expense by size of risk, contending that there are many more factors to be considered than size of risk, while there would also be such questions as the proper degree of gradation, the point at which it should begin, and what the rate of gradation should be.

Also, they argued, to bring rates down to a point at which no possible margin for reduction is left is to imply that those carriers whose operating expense is above that bare minimum must retire from business, unless it is expected that what might be called fixed general overhead expense would not be spread over this "bare minimum" business but would instead be borne entirely by the carrier's other business. They ask what the effect would be on smaller risks, saying that it seems inevitable that the rates of the smaller risks would have to be increased.

Expense Requirements Differ

The minority report holds that another important aspect of expense gradation which was not given sufficient consideration is the fact that a single scale of gradation is not properly applicable to the business of all groups and types of carriers, all of which have different expense requirements.

Messrs. Ginsburgh and Yount offered as the most hopeful solution the course suggested by C. W. Hobbs of the National Council on Compensation Insurance in his memorandum of Nov. 4 prepared for the use of the casualty advisory committee. His suggestion was that pure premiums might be established to be used uniformly by all carriers, with minimum and maximum expense loadings to be established, within the limits of which freedom of competition would exist. The established pure premiums would provide a proper basis for statutory loss reserves, thus fulfilling an important function of regulation, which is to insure solvency of the companies. The variable expense loading would provide scope, with the legal framework and according to the type, character, and efficiency of the carrier and the nature of the risk, for the handling of large interstate risks, in all casualty lines.

Unfair discrimination could be prevented by requiring each carrier or group of carriers to file its standard of expense loadings within the minimum and maximum approved, applicable to the types of classification of risks adopted, such standard to be applied uniformly to all similar risks, the report states.

Universal Regulation

Universal regulation or universal non-regulation is the only solution to the practices complained of by New York and other states incident to the handling of non-regulated state exposures, the mutual representatives conclude, contending that anything in between leaves these authorities where they are, or else in the position that some degree of technical illegality can be condoned if it does not go too far. They argue that no rating program, including any plan of gradation of expense down to a bare minimum charge, will engender automatic adherence to itself by all concerned, and that hence effective administrative machinery, backed by supervisory authorities of all states, applicable to all jurisdictions and all carriers, must be set up if any rating program, present or future, is to be applied so as to eliminate the practices now complained of.

Following are some of the major points of the producers' report:

Retrospective rating is not the answer. It is complicated in make-up and confusing in administration. For various reasons many large buyers want to know what their insurance costs are without waiting for the final adjustment.

Some wish to have sole control of the buying of their insurance and be able to terminate the insurance completely at the end of any one year. They do not wish to have to agree on loss reserves—which usually play a prominent part in determining the ultimate premium—with underwriters who may possibly be unfriendly because the insurance has been cancelled.

It should be obvious that any plan along retrospective rating lines is not designed for the small risks. It is too easy for single-shot losses to produce adverse results both for the buyer and for the insurer. Retrospective was designed primarily for the large risks and its use for risks even as small as \$5,000 could easily prove to be upsetting to all concerned.

Several plans should be available to the buying public:

A guaranteed cost plan which would be the standard (manual rates subject to experience rating) with a modification of the expense factors in the rate according to the size of the risk. The plan recommended is the one which became effective July 1, 1941, in New York state, but the plan's effectiveness would be increased by an increase in the loss expectancy factor in the experience rating plan.

"After a risk qualifies under the experience rating plan for 'self-rating,' then the risk should become subject to what is known as 'A' rating. That is, subject to flexible experience factor adjustment in keeping with the characteristics of the particular case. Minimums both as to company and producers' expenses should be provided for in order that unsound competitive situations would not be created. By 'A' rating, the supervising rating authority, which we would suggest would be the recognized rating agency in the state where the principal administrative offices of the assured are located, should have some leeway in recognizing conditions beyond minimums in order that the rating in itself be entirely fair to all parties. For example, when a two-location 'A' rated risk reaches a standard premium of, say, \$50,000, it may be that minimum allowances for payroll auditing, engineering and production would be adequate, but contrariwise, if this same risk had 10 or 20 locations, the allowances would probably be inadequate."

No Penalty to Buyer

"We would subscribe to a retrospective rating plan that would provide for no penalty to the buyer above manual rates, included in that plan to be a gradation of expenses both as to company and producer, but with the producer's portion not to be carried below the scale as now provided for in the present New York state plan. We would call this plan something like Penalty-free-Retrospective Rating."

"We would subscribe to having another retrospective rating plan available, this one with a penalty for bad experience, and with the expense factors similar to those included in item No. 2."

"We are willing to go along on this latter item because we know there are some risks which might not be insurable under either of the two other plans mentioned above, but fundamentally, we object to retrospective rating plans with a penalty."

"Underlying all three of these recommendations would be an over-all experience rating applicable to every state wherein the plan may be authorized. The resultant over-all credit or debit to be applied to the actual earned premium in each state. In this wise the premiums would be easily allotted to the respective states, and proper taxation paid thereon."

The producers expressed unalterable opposition to any rating scheme which would leave it up to the producer to get his commission on a fee basis, the fee being a matter of negotiation between

the producer and the prospective policyholder. They also said that since the inception of retrospective rating the producers have felt that the entire companies' portion of the rate should be reduced by the same percentage as the producers' portion, since the producers have expenses that are just as definitely fixed for the conduct of their business as have the companies. He suggested that the term "acquisition and producers service" be substituted for "acquisition," as the latter emphasizes the sales angle rather than service.

Vincent L. Gallagher, assistant U. S. manager of Pearl, was invited to give his views at the meeting of the committees held last Saturday at the New York department office. Mr. Gallagher in a memorandum expressed the view that until there is uniform legislation in all states nothing can be done about interstate rating. He said that if the uncertainty is not removed sooner or later some company will become impatient and decide that the only solution is to seek federal regulation. Until the question of interstate rating can be solved right, it is better not to try to solve at all, he stated.

Boom for Credit Insurance

Credit insurance continues to enjoy boom days insofar as premium volume is concerned. With war contracts assuming such enormous proportions, there is a great demand for credit insurance on the part of insured. Many concerns to which credit is being extended are operators who do not have much of a record of experience and those from whom they are getting supplies are jittery. There is a particular demand for insurance that would cover the cost of work and materials in connection with goods in process that have not been delivered.

The assured fear that in the event of a cessation of hostilities some of those that had engaged to buy materials from them might disappear from the scene about as rapidly as they bobbed up in the first place and the manufacturer or processor would be left holding the bag.

More Farm Income Into Savings

In 1941 farm families put more than twice as much into savings as they did in the 1935-36 period, according to a survey by the U. S. Department of Agriculture. They reduced debts, bought defense bonds and stamps, and made investments of other kinds in 1941. While December, 1941, prices for things farmers buy were 15 percent higher than January, 1941, net money income of farm families averaged 46 percent higher in 1941.

Casualty Principles

The McGraw-Hill Company has published the second edition of "Casualty Insurance Principles" by G. F. Michelbacher, vice-president Great American Indemnity, a book covering in detail the principles underlying this type of insurance. Many chapters have been prepared by specialists who brought their contributions up to date. There are 23 chapters in addition to the appendices. It is sold by THE NATIONAL UNDERWRITER Company.

C. C. Washburn of San Francisco, Pacific Coast manager of Preferred Accident, is supplying service flags to his producers and members of Insurance Post 404, American Legion, in which he has been very active.

Business of Dearborn National Casualty in the Pacific northwest has been reinsured in Pacific Employers of Los Angeles.

Lieut. (j.g.) Henry P. Jenks, naval reserve, 28, son of M. L. Jenks, vice-president American Surety, has been reported killed in action. A graduate of Hamilton College, Lieutenant Jenks was with Travelers as a claim adjuster at Perth Amboy, N. J., for a time, later entering the advertising business in Chicago.

COMPANIES

Fight Against Sale of Manufacturers Casualty

Prior to the Dec. 3 deadline for the purchase of Manufacturers Casualty stock by Commercial Credit Company, a group of Manufacturers' stockholders that opposes the sale announced its intention of filing a bill of equity in the federal court in Philadelphia to stay the proposed sale. Also a group of stockholders asked for the resignation of President William F. Fischer of Manufacturers.

Charles D. McAvoy, chairman of a committee of stockholders opposing the sale, made the announcement of the intention to go into court.

A. E. Duncan, chairman of Commercial Credit, was quoted as denying that C.C.C. had asked for an extension of its Dec. 3 deadline to get 51 percent of outstanding shares and proxies of Manufacturers Casualty.

In answer to the printed rumor that a number of buyers have come forward with a better offer than C.C.C., Robert N. Rose, executive vice-president of Manufacturers Casualty, stated that the management has not received any formal offers from any other source.

Aetna Companies Have News Letter for Service Men

"Salute" is a new publication now being sent by Aetna Life affiliated companies to its agents and employees serving in the armed forces. It is made up largely of excerpts from letters of Aetna service men in army camps and naval training stations in the U. S. and on active service overseas. Letters in the first issue deal with the weather on Guadalcanal, head-hunting natives in the South Pacific, odd costumes in New Caledonia, a brush with an enemy submarine, etc. Other features of "Salute" include jokes and news of the home front including items of interest about the Aetna organization.

"Salute" will be published monthly as a multigraphed newsletter and every attempt will be made to keep an up-to-the-minute mailing list so that the publication can be sent to each man's latest military address. The last page of the publication is designed as a combination letterhead and envelope and contributions to "Salute" are solicited.

U. S. Guarantee Dividend

United States Guarantee has declared a regular quarterly dividend of 40 cents and a special of 50 cents payable Dec. 24 to stock of record Dec. 9. Last year an extra dividend of 75 cents was paid.

Shewmake Does Double Duty

Oscar L. Shewmake, president of Virginia Auto Mutual of Richmond, also is acting as general manager. Edward N. Hardy, general manager, is in the navy as lieutenant (j. g.).

CHANGES

Eureka Casualty Opens Indiana Service Office

Eureka Casualty has opened an Indiana service office with quarters in the Fletcher Trust building in Indianapolis. George C. Moore of Indianapolis has been appointed manager.

Mr. Moore had been manager of the Indiana branch office of National Automobile and prior to that was with Aetna Casualty and with the Landers & Landers agency, Indianapolis.

Evans to Farm Bureau Group

Herbert E. Evans, formerly of New York, has joined the Ohio Farm Bu-

Badger State's Position on Ride-Sharing Plan

In referring in the Nov. 12 edition to survey filed by the Wisconsin state highway traffic advisory committee to the war department, an incorrect impression may have been given as to the position of Badger State Casualty of Milwaukee. In the survey there were set forth opposite the name of each company writing automobile third party insurance in the state certain notations as to policy adopted in treating claims for accidents occurring while the car is being used in a share the ride scheme. It was indicated, for instance, whether the policy of a particular company is on the national standard basis, whether the policy covers car pooling on a basis equal to that of the national standard, whether a special agreement is required and whether an additional premium is required. For Badger State Casualty there was a notation indicating that both a special agreement and additional premium are required.

Herbert C. Ewert, secretary of Badger State Casualty, states that as of June 20, the company advised its agents that it was cooperating in the national "share your car" movement by waiving the additional premium charge for the transportation of fellow employees and that carrying fellow employees on a share expense arrangement will not be construed as carrying persons for a charge. Badger State has also placed its letter on file with Leon Henderson at Washington, stating that it will construe all its automobile liability policies so that the protection given will not be impaired by the participation of policyholders in a ride sharing plan.

Badger State declares that it eliminated in October of 1940 the carrying for a charge exclusion in its policy and at that time adopted the exclusion which is presently contained in the policy issued by most companies. The exclusion of Badger State Casualty is merely: "While the automobile is used as a public or livery conveyance, unless such use is specifically declared and described in this policy and a premium charged therefor." The old exclusion read: "Under all coverages while the automobile is used as a public or livery conveyance or for carrying any person or persons for a charge, unless such use is specifically declared and described in this policy and a premium charged therefor."

Lumbermen's Mutual Marks Thirtieth Anniversary

Lumbermen's Mutual Casualty marked its 30th anniversary at a dinner in Chicago given for key members of the staff by company directors. Governor Green, Senator Brooks, Ralph E. Church, representative from the 10th congressional district, and Silas H. Strawn, were special guests. C. M. Purmort, a director, who is board chairman of Central Manufacturers Fire of Van Wert, O., paid tribute to President James S. Kemper in his talk at the dinner, and then presented Mr. Kemper a watch and scroll from the directors.

At a meeting of the directors earlier in the day, Mr. Kemper reported that in the 12 months ended Oct. 31 premium income was \$38,047,732, an increase of \$3,549,368 over the entire premium income of 1941 and the largest dollar premium increase in company history.

Chicago Group's Xmas Party Dec. 8

The Chicago Claim Association will hold its annual Christmas party Dec. 8 at the Electric Club. The evening will be devoted to entertainment, including the appearance of a magician and other surprise features.

reau in Columbus, O., as director of personnel for all Farm Bureau companies, including Farm Bureau Mutual Automobile, Farm Bureau Mutual Fire and Farm Bureau Life.

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Accident Losses Are Heavy in Boston

(CONTINUED FROM PAGE 17)

the Boston disaster are great unless local authorities take corrective action. In France it is recalled night clubs are known as *boite à nuit* or night box and that very aptly describes the layout of the typical club.

Massachusetts has had a most unenviable record as to fires. Just last year there was the Firestone fire at Fall River, Mass., causing loss of \$14,000,000 including \$8,000,000 of precious rubber, and now the night club fire, second only to the Iroquois theater fire in Chicago in point of number of lives lost in a fire in this country.

The Boston catastrophe can be very well cited by agents as an indication of the value of a man in the armed service retaining his personal accident insurance so long as he remains in this country. He gets full protection from most companies while on land in the United States, Canada and the island of Oahu, for non-war caused injuries.

The common disaster problem is accentuated by the fire, since several husbands and wives died together.

GREAT TRAGEDY

BOSTON—An imitation palm tree, accidentally set afire by a 16-year-old bus boy looking for a light socket with a match, started a blaze in Boston's popular Cocoanut Grove night club in the heart of the city's theater section Saturday night and in the fire and panic which ensued 476 lives were lost and 172 persons seriously injured, a tragedy unequalled in the entire country since the great Iroquois Theater fire of 1903 in Chicago.

The night club was filled with a football crowd celebrating the victory of Holy Cross over Boston College. Some prankster unscrewed an electric light bulb in the dimly lighted basement "Melody Lounge." The bus boy was called to replace the light. To find the wall socket the boy climbed on a chair and lit a match, the flame accidentally came in contact with the palm tree, there was a flash and the room was instantly ablaze as the fire swept from one flimsy decoration to another and then went up through partitions to the main dance floor above.

The 1,000 or more patrons on the two floors were thrown into a panic, increased as a girl rushed across the main dance floor with her hair in flames. There was a rush for the exits and in the pushing and shoving the crazed celebrators piled up barriers of dead and living bodies at the doors to prevent all escape.

Women's dresses caught fire and flaming decorations of the room fell on the huddled piles, and in the panic many were trampled to death, others were suffocated and some were drowned as water from the fire hose filled the dance floor.

POSITION WANTED

Casualty Field man, 13 years with leading Multiple Line Company, 7 years advertising and sales promotion Manager prior insurance, outstanding personal producer, thorough knowledge Underwriting, excellent executive material, age 43, three dependents, competent. Branch office or better. Address Box Q-34, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

POSITION WANTED

28 years Texas, Louisiana: Surety, Casualty; fair knowledge other lines: Home Office, Field, Agency. Age 53, active. Address Box Q-91, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

POSITION WANTED

Casualty and Surety man, 20 years experience as Special Agent, General Agent, Branch Office Manager and Home Office Executive. At present employed. Indiana territory preferred. Address Box Q-92, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

The building, a two story brick structure, originally built as a garage, later made over for a film exchange company and finally fitted up as a night club, was located on Piedmont street. The walls generally were covered with leather or a leather imitation and imitation palms stood about the rooms. It is stated that the furnishings had all been sprayed with a fire resistive solution. It is reported the walls and furnishings gave off a thick and smothering smoke before bursting into flames.

The main floor, it is stated, had but four exits. Two were through cloak rooms and not generally used. There was a rear door on Shawmut street which had two locks and it is reported the "crash lock", which would have opened the door automatically with the rush of the crowd, was rendered inoperative as the second lock, a bolt, had been shot into place. The main entrance was of ordinary size and had a revolving door. Members of the orchestra and show girls were able to get out through a dressing room exit to a nearby roof, where a ladder, some six feet short, was held in place while the girls went down as far as they could

and then jumped to the ground. Some of those in the basement made their exit through a boarded up window from which the boards were torn off.

Fire Quickly Controlled

The fire, in itself, was not of unusual intensity and was quickly under control. Panic, accompanied by suffocation, accounted for most of the deaths.

Something like a dozen men in service, stationed in training camps about Boston, 10 Harvard students, four girls from Wellesley college, and in some cases almost entire family groups, were among the victims.

Building Commissioner

As indignation mounted in Boston over the lack of protection of the public in the night clubs, Building Commissioner Monney stated that the building laws did not apply to restaurants as they did to "public buildings," and that practically the only restrictions upon night clubs was that they must have a front and a rear exit.

"The law," stated Commissioner Monney, "does not demand non-inflammable decorations or well marked exits, as in public halls and theaters. There were two exits at the Cocoanut Grove. They were not marked, but they did not have to be."

A score of years or so ago, Fire Com-

missioner Murphy of Boston made a campaign for abolition of revolving doors in public buildings.

The fire loss on the Cocoanut Grove was comparatively slight. It is not expected to amount to more than \$10,000. Only the interior decorations, which were of a cheap order, were damaged. The heavy bars and the furniture were hardly scorched. As the walls were of brick, and cement along one side, the fire never penetrated beyond the cheap wall decoration.

The Cocoanut Grove, Inc. was owned by Barnett Welansky, Jennie Welansky and Katherine F. Welch of Boston with Benjamin Welansky as president. The building, one story with basement, was assessed for \$22,200 and the assets of the corporation are given as \$122,180.

The state workmen's compensation bureau reports that the corporation did not carry any compensation insurance for employees and so far as can be learned there was no liability coverage taken out by the corporation. There was, however, fire insurance of \$165,000 carried by The New Cocoanut Grove, Inc.

Loss on furs and wearing apparel, if insured, will probably not be heavy since the fire did not reach the cloak rooms which were free from all except possible smoke damage. There may be some jewelry losses, as the Cocoanut

When changes are indicated



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Grove interior and the walks outside were littered after the fire with personal ornaments of the women, purses, bags being mixed with scores of pairs of discarded slippers.

What the loss on personal accident claims may be is only conjecture. It is known that one claim on a \$10,000 policy, double indemnity, has been made on London & Lancashire Indemnity. Since many of the victims were young people the loss may not be heavy.

That the Boston fire department did an excellent job in reaching and extinguishing the fire is generally conceded. There is also high praise for the army and navy men who aided in rescue work, and the squadrons which responded quickly from the various relief agencies about metropolitan Boston.

N.F.P.A. SPEAKS

Robert S. Moulton, technical secretary National Fire Protection Association, has now made a statement on the fire, stating the tragedy is clearly due to gross violation of several of the fundamental principles of fire safety which have been demonstrated by years of experience and which should be well known to everybody. "It is too soon as yet to determine the responsibility, to evaluate the part that may have been played by the chaotic condition of Boston's building laws, incompetent enforcement, political influence and careless management, but the main lessons are clear.

"A night club is essentially a place of public assembly in the same fire hazard class with a theater but having greater possibilities of fire. As a result of the Iroquois Theater fire in Chicago in 1903 when 602 people were burned to death, theaters in the United States are well regulated by fire laws. Automatic sprinklers are required over combustible stage scenery, adequate exits are required and regular inspections are made in accordance with the law to make sure that exits are free and unobstructed and that all fire precautions are observed. No such safeguards have been applied to night clubs which are far more dangerous than theaters. Night clubs commonly are located in old buildings made over for the purpose and practically every known rule of fire safety is violated. The Coconut Grove building was certainly no worse than hundreds of other night clubs located throughout the United States.

Lack of Proper Exits

"The most glaring feature of this tragedy was the lack of proper exits. The N. F. P. A. in its building exits code, which is a well recognized standard prepared by a representative committee of national experts, contains in its provisions on places of public assembly a number of basic requirements which, if observed, would clearly have prevented this tragedy.

"Revolving doors have long been considered by the N.F.P.A. committee on safety to life as a menace under fire and panic conditions. Even though a revolving door may be of the so-called collapsible type, it can readily serve as a death trap. The N.F.P.A. building exits code prohibits revolving doors as required means of exit in places of public assembly and further specifies that if revolving doors are used there must be a swinging door immediately adjoining or within 20 feet. In our opinion revolving doors should be prohibited in all places of public assembly.

"Reports indicate that there were other doors from this building which might have served as exits but which were locked and one important door was hidden by drapes. The N.F.P.A. exits code requires that all doors be kept unlocked and unobstructed at all times when a building is occupied, also that in a place of public assembly no draperies shall be permitted in front of exit doors.

"The basement lounge where many persons perished violated the fundamental rule that there shall be two clearly

marked exits, so arranged that if one is blocked during a fire the other will furnish a safe path of escape. A clearly marked second exit from this room leading directly to the outside of the building, as provided in the exits code, would have saved many lives.

"The immediate cause of the start of this fire is unimportant and too much blame should not be attached to the boy who was responsible. With a large quantity of highly combustible decorative material, fire might have started from any one of a number of causes. The main factor was the presence of the combustible material in violation of the building exits code which provides: Paper and cloth decorative material should be kept to a minimum in places of public assembly since such flimsy materials increase the hazard of the kindling and spread of fire. Combustible decorations can be flameproofed but effective flameproofing requires careful treatment and at best no chemical treatment of combustible materials actually makes them fireproof. Some chemicals used for flameproofing may generate noxious smoke when heated and according to reports this may have been an important factor in this fire. The N.F.P.A. has published standards on the flameproofing of combustible materials but advises against placing too much reliance on such treatments.

"A standard automatic sprinkler system would have prevented this tragedy. A few sprinkler heads, opened by the heat of the fire, would have stopped the blaze in its incipency. In the 50-year records of the National Fire Protection Association, there is no case on record where any major loss of life by fire has occurred in a building equipped with a standard automatic sprinkler system.

"The fire department apparently did excellent work in this fire. It clearly shows, however, the fallacy of relying upon any fire department, no matter how efficient, to prevent loss of life by fire in a crowded building. Even though the fire department is on the scene immediately, they are largely powerless to rescue the helpless victims trapped inside.

"As a result of this fire, there will doubtless be a wave of state and city legislation regulating night clubs. It is indeed high time that these potential death traps are brought into line with the established fire safety requirements that have long been applied to theaters and other places of public assembly. The exits code of the National Fire Protection Association, which dates back to 1913, is available as a guide for legislation which will require reasonable fire safeguards involving a minimum of inconvenience and expense to the operators. No legislation, however, will be effective in preventing repetition of such

tragedies unless it is competently enforced without interference by political or commercial interest."

TRAVELERS' LOSSES

HARTFORD—In response to an inquiry Travelers states it is certain of losses as a result of the Boston fire as follows: Regular life \$7,000, group \$12,200, personal accident \$10,000, and possible losses are regular life \$20,000, group \$15,000 and personal accident \$22,000.

LOSS MAY REACH \$1,000,000

NEW YORK—Losses under life and personal accident policies as a result of the Coconut Grove fire may be close to \$1,000,000. To date knowledge of

most of the claims has come from checking casualty lists in the newspapers for names of insured. Several companies have sent representatives to Boston to look into the matter.

Newspaper accident policies are not authorized in Massachusetts and there are likely to be no claims from that source, unless they were carried by out of state residents.

Estimates of losses from several companies include: Equitable Society \$250,000; New York Life, \$90,000, plus \$20,000 double indemnity; Home Life \$16,000; Mutual Benefit \$12,000; Columbian National, \$70,000. One large company has 150 claims.



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ANCHOR CASUALTY COMPANY

SAINT PAUL
MINNESOTA

FINANCIAL STATEMENT AS OF DECEMBER 31, 1941

ASSETS

Stocks and Bonds.....	\$2,345,238.38
Bonds	\$1,693,881.38
Stocks	651,357.00
F. H. A. Mortgages.....	129,661.21
Cash in Banks and Office.....	297,695.08
Premiums in Course of Collection (Not over 90 days).....	357,422.48
Accrued Interest on Bonds.....	15,958.68
TOTAL ADMITTED ASSETS.....	\$3,145,975.83

Securities at Market Values

LIABILITIES

Reserves for:	
Claims	\$1,012,137.02
Unearned Premiums	933,016.25
Commissions	74,901.50
Tax Reserve	85,000.00
Other Liabilities	38,943.21
Contingent Reserve	\$ 151,977.85
Capital	400,000.00
Surplus	450,000.00
Surplus to Policyholders.....	1,001,977.85
TOTAL	\$3,145,975.83



Take Constructive Action in N. Y.

(CONTINUED FROM PAGE 1)

listed find themselves on sucker lists and otherwise "on the spot." He declared that the insurance business is a private business under state supervision and that he saw no reason why the insurance man's income should be a matter of public knowledge when those of the doctor or lawyer are not.

Unauthorized Insurance

The committee on unauthorized insurance met Tuesday morning with Fraizer of Nebraska as chairman. A sub-committee headed by Thompson of Oregon had written a model statute dealing with the subject and it was instructed to promote this act as far as possible in forthcoming legislative sessions. There are three states that have special laws relating to unauthorized insurance, they being California, Virginia and Michigan. That in Virginia covers only life insurance. Roger Kenny, insurance editor of "U. S. Investor", had written a stinging article in that publication which was placed at the hotel room door of every commissioner. He was called before the committee and in a fiery, loud voice stated that the subject had been kicked in and out of the association for 43 years and had been purposely dodged, due, he said, to selfish provincial interests. It is thought that the proposed bill if adopted will do much to decrease the evil.

Examinations Committee

The examinations committee met Tuesday morning presided over by Read of Oklahoma as chairman. He had a list of companies examined and reports will be sent to each department for checking before printed in the proceedings. The resolution adopted by Zone 3 at Jackson, Miss., and published in THE NATIONAL UNDERWRITER was received and a copy of it will be sent to each department. It will be a guide for examination procedure in the future.

Lockhart of Texas threw a bomb in the proceedings in his condemnation of the use of incompetent examiners. He stated that no examiner should be sent out unless he is a staff man and a regular department employee. In his state the commissioner said that he required two years training when a person reached the rank of senior examiner before he was assigned to regular examination work. He referred to the fact that incompetent examiners are sent out by some states, charging \$25 a day and \$10 for sustenance. Some departments, he said, employ outside accountants. If this practice is not remedied and this type of examiner is not eliminated, he frankly stated that he would favor federal supervision.

McCormack of Tennessee, chairman of the committee to investigate automobile finance business, asked that the committee be discharged as its work has been completed. He said that the commissioners in the past had issued uniform rules for handling insurance on financed cars. He said there had been reasonable conformity and that all hands had done a fairly good job in attempting to allow the regulations. Fraizer of Nebraska offered a resolution that it be the sense of the meeting that no legislation be enacted in the guise of a war measure that will tend to harm legitimate and sound insurance and conservative procedure.

Psychological Effect

The effect of prohibition was seen in the attendance at the convention and the psychology is interesting. The notices printed in the papers signed by President Williams and Chairman Lloyd of the executive committee requested those of the third house not having any special business to transact to refrain from going to the meeting so as to assist in transportation and hotel congestion. Evidently a number were curious to know what special subjects

were to be considered. Hence, everybody showed up, there being 650 in attendance which was right on the normal line. There were 44 states represented by commissioners, the largest attendance in many years.

The association's speedy approval of the Guertin committee report on non-forfeiture values for life insurance policies made it possible to advance the scheduled Monday evening session of the executive committee to the afternoon.

No action was taken on a proposal by Viehmann of Indiana to submit to the federal manpower commission a list of insurance occupations, such as engineers, claim adjusters, and others, ranked in order of their essential character in providing the public with needed insurance service. Blackall said he felt such matters should be left to the federal government's discretion.

R. O. Watt of Moody's Investors Service reported as agent of the committee of valuation of securities other than real estate, the fact that bonds determined by examination to be "equivalent in quality" to those whose amortizability may be determined by the yield tests and/or rating tests necessitates an amount of work out of proportion to the number of securities involved. Mr. Watt expressed gratification at the response of the insurers in complying with requests for information about these issues.

Compensation Committee

At the meeting of the compensation committee, headed by Duel of Wisconsin, there was a brief discussion of the contingency loading formula as adopted in 1934. C. W. Hobbs of the National Council on Compensation Insurance suggested that a small committee be appointed to sit with the National Council and others interested to consider the contingency loading formula. Commissioner Duel of Wisconsin stressed the importance of interstate rating in compensation and urged all members of his committee to attend the session of the committee on interstate rating.

MARINE PREMIUMS

The subcommittee on taxation headed by Thompson of Oregon, held a brief meeting on allocation of marine premiums for tax purposes. The proposal had been made for the adoption by all states of the formula adopted by the Western Conference of Insurance Commissioners at Detroit in 1941. Because most of the doubts about the advisability of adopting the formula emanate from the middle western states the subcommittee suggested that the newly formed organization of mid-western commissioners hold a meeting during the convention and discuss the pros and cons of the proposed formula.

Mr. Thompson said the Western Conference commissioners, before going into the formula thoroughly, had each suspected that it would benefit all the other states in the conference to the detriment of his own state but investigation showed that it probably would not make \$25 a year difference in the premium tax to any state. He pointed out that what any given state would lose in premium allocations under the formula in the case of one company would be offset by what it would gain from another.

The principal object of adopting the formula would be to simplify the work of the examiners. It is contended that it is difficult for them to check the correctness of premium tax returns without having a definite, clear formula to use in checking premium allocations.

The formula would apply mainly to inland marine premiums. It divides inland marine risks into those where transportation or movement is dominant, in which location of the assured's place of business through which the in-

surance was negotiated would govern, or in the non-business risk, the insured's residence; those where the transportation hazard is not dominant, in which location of the insured property would govern; and third, premiums not coming in either of the two categories, and in such cases the insured's place of business would govern for business risks and the insured's residence would govern for non-business risks. The only reference to ocean marine insurance is the statement that premiums would be allocated to the state wherein the contract of insurance was negotiated and placed.

As valuations committee chairman, Pink of New York reported that no changes were made in the basis of valuation of securities. He mentioned that deputy superintendent Cullen of New York had called attention to the problem of companies having investments in enemy occupied territory and had suggested that some flexibility be allowed in valuing such securities and that the treatment given outstanding insurance obligations in such areas might have a bearing on the matter. It was decided that this was something that should be discussed in greater detail with the subcommittee on valuation of which Harrington, of Massachusetts is chairman.

Mr. Pink said that some mayors of

small cities had been disturbed by the lengthy questionnaires sent out by Moody's investment service, the committee's agent in seeking information on which to base ratings of revenue bonds such as bond issues on municipal water plants. This situation was cleared up by the explanation given by R. O. Watt of Moodys that lack of the complete information sought in the questionnaire would not affect the bond's standing.

The association adopted the memorial resolutions presented by Julian of Alabama on the deaths of Commissioners Boney of North Carolina and Taggart of Pennsylvania and on the late Paul L. Haid, president of the Insurance Executives Association and J. H. Doyle, general counsel of the National Board of Fire Underwriters. Blackall of Connecticut, Bowles of Virginia and Lloyd of Ohio spoke briefly but with feeling on their late fellow commissioners.

Read of Oklahoma reported for the examinations committee and Fraizer of Nebraska summarized the meeting of the law and legislative committee. At the invitation of Williams of Mississippi, Dr. E. E. Agger, New Jersey commissioner, addressed the Monday general session following the adoption of the Guertin report on nonforfeiture values for life companies.

Reporting as chairman of the committee on interstate rating Pink of New



**Admitted
Assets**
\$5,506,442.81

**Policyholders
Surplus**
\$1,522,222.43

**Burglary
Plate Glass
Automobile
General Liability
Accident and Health
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Fidelity and Surety Bonds**

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York said that further study would be given the matter by the committee and the fire and casualty producers and advisers committees and that his committee would meet with these four groups a month hence to see if a more specific solution could not be worked out to harmonize the conflicting views. He said the committee had reluctantly conceded that there would have to be different plans for the fire and casualty companies but that this would not be fatal to the success of the idea.

The interstate rating problem is the most important challenge yet made to state supervision, he said. There is intense competition with the result that although rates are charged according to schedule in closed states only nominal rates are charged the same risk in open states. The closed states' laws are violated while the open states lose revenue. The situation must be met, he declared. He commended the reports filed by the committees and expressed the hope that a solution would be found if the work is continued.

Harrington of Massachusetts offered a resolution calling for inclusion in the committee's report of a study of the effect of a graded expense plan on small risks or risks not subject to gradation of expense. At Pink's suggestion Harrington modified his resolution to a suggestion that this be done in view of the delay that it might cause in bringing in a report.

Rouillard of New Hampshire, reporting as chairman of the casualty and surety committee, said that the subcommittee headed by Blackall of Connecticut had submitted an outline for an automobile assigned risk plan. At Mr. Blackall's suggestion the committee did not officially adopt the proposal but followed his suggestion that it file the plan with the various commissioners with the comment that it is a workable model.

Contingency Loading Formula

Duel, of Wisconsin, chairman of the compensation committee, asked to be empowered to appoint a special committee of five which would include two commissioners, not members of the compensation committee to consult with the National Council on Compensation Insurance on the question of revising the contingency loading formula. His request was granted.

Bowles of Virginia reported for the law and legislation committee. Because of the compressed schedule meetings of the countersignature and taxation committees were omitted. For the same reason the suggestion of the subcommittee on taxation of marine premiums that the midwestern commissioners conference hold a meeting to discuss the proposal adopted in 1941 by the western conference was not followed out.

COMMISSIONERS NOTES

There were 44 states answering to roll call at the commissioners meeting, one of the largest records in attendance. La France of Quebec and McNairn of Ontario were at hand.

It was voted to appoint a committee to prepare a memorial in tribute to the late Commissioner Dan C. Boney of North Carolina and Commissioner M. H. Taggart of Pennsylvania. On motion of Gough of New Jersey the committee was also instructed to include in the memorial Paul Hald, president Insurance Executives Association, and J. H. Doyle, general counsel National Board. The committee consists of Jullian, Alabama; Alexander, Pennsylvania, and Hodges, North Carolina.

It was announced that all new commissioners would replace their predecessors on various committees.

President John Sharp Williams at the opening general session called on all newly appointed commissioners to arise and take a bow. Among these were Carroll of Rhode Island, Hodges of North Carolina, Graves of Arkansas, Alexander of Pennsylvania. Commissioner Egleson of South Carolina was not present.

Henry S. Moser, prominent Chicago attorney, who attends the commissioners meetings gave a reception Monday evening in his hotel suite. A buffet dinner

was served and then all hands were his guests at a theater party.

A delegation was present from the National Association of Casualty & Surety Agents, its consisting of Cliff C. Jones, Kansas City; C. A. Abrahamson, Omaha; W. D. O'Gorman, Newark; John T. Harrison, New York City and Ralph Howe, Richmond.

The National Association of Insurance Agents was represented by Secretary J. B. Miller, Counsel W. H. Bennett, Educational Director G. W. Scott, Assistant Secretary G. D. Fairleigh; President David North, New Haven; Vice-president Fred Moreton, Salt Lake City; Ray Thomas, Pittsburgh, member executive committee; Ralph W. Howe, chairman, casualty and surety committee.

Rates for Army's Glider Pilot Training Program

NEW YORK—Rates for the army's new extensive glider pilot training program will be \$5.40 per student for public liability and property damage for the first part of the course, involving training with light planes making dead-stick landings, and 4 cents an hour in the more advanced training where regular gliders are used. The \$5.40 rate covers 30 hours, which figures out to 18 cents an hour.

Reason for Rate Difference

This rate is higher than for the gliders because a light plane is much faster than a glider and much of the training will involve landing on a mark and without the use of brakes. Instruction will be given by private flying schools, some of which are already supplying civilian pilot training program instruction.

Since the students are either men already enlisted or men who have enlisted especially to take the course, there is no personal accident coverage, as in the case of CPT students. Because of the normal presence of other privately owned aircraft on the field there is a definite property damage hazard, particularly since virtually all the training is devoted to landing practice.

Court Interprets Defense Clause of Auto Policy

The defense clause of an automobile liability policy was interpreted by the Alabama supreme court in *Fidelity & Casualty vs. Beeland Bros. Mercantile Company*. The insured carried a policy with \$25,000 limits but was sued for \$90,000 on one injury.

In conferences between the insured's attorneys and the local attorney of the company it was agreed that the insured would do well to employ his own counsel to look after his interests in the trial, but there was no agreement about paying insured's special counsel. The defense was undertaken and carried through by counsel for the company, with a verdict of \$7,000, which the company paid.

The insured then demanded that the company pay the fees of the insured's lawyers, who had been retained to look after its interests above the \$25,000 limits. The supreme court held that the insurer had complied with its agreement to defend, and that it was under no obligation to pay the additional lawyers retained by the insured in the case.

Claim Ratio Is Up on Industrial Work at War Time Pace

Companies writing workmen's compensation insurance are watching the claim ratio these days as the industrial plants, especially those concerned with defense and munition work, are showing a decided upturn in the claim ratio. This is due to the rapidity with which the work is done, the fact that these concerns are working for the most part 24 hours a day and they have had to get in new help. Many of the accidents are due to negligence, lack of familiarity with machinery and therefore employees taking long chances.

Safety work naturally has bogged down because every concern is running at rapid speed and has no time to give much attention to safety procedure and programs. Companies, however, are doing as much as possible to insist on every safeguard being employed. In different lines of industry it has been necessary to bring in "green" help and this has had something to do with accident increase.

Financial Position of Farmers Further Improved

There has been much talk in the insurance business about the favorable situation in which the farmers of the country find themselves as the result of good prices and crop conditions. The farmers recently approved wheat marketing quotas in the national referendum held by the U. S. department of agriculture.

The loan program for 1942 wheat will average around \$1.14 a bushel at the farm, which is 16 cents higher than the national average of 98 cents for 1941 crops. This represents a substantial increase in the cash which will be going to farmers this year, and makes them even better prospects for insurance coverages. The loan rate for rye will be 60 cents a bushel for No. 2 or better. Barley loan rates except in the far west will be 55 cents a bushel for No. 1, with 5 cents a bushel more where stored in the western states. Grain sorghum loan rates will be 55 cents a bushel for No. 1.

Important Point as to Hospital Liability Raised


In the case of *St. Paul-Mercury Indemnity vs. St. Joseph's Hospital*, Minnesota supreme court, where hospital liability insurance was involved, a patient was operated on for appendicitis by her own doctor at St. Joseph's Hospital. She paid for a room and also for use of the operating room. The hospital assigned four nurses to assist.

During the operation the doctor called for some warm water with which he intended to irrigate the wound. The water was procured by one of the nurses but the doctor did not use it because he declared it was too hot. Another nurse then brought another receptacle of water which he or one of the nurses under his direction poured into the wound. The water proved too hot and burned the patient. The doctor carried medical liability insurance and the company settled the patient's claim.

It sought contribution from the hospital for the reason that the nurses were negligent. Contribution, however, was not allowed. The court held that when a general employer assigns his servant to a duty for another and surrenders to the other direction and control in relation to the work to be done, the servant becomes the servant of the other insofar as his service relates to the work so controlled and directed, and the general employer is no longer liable for torts committed in the controlled work, the higher court decided. The only question that the court considered was whether the hospital could be held liable for the act of its nurses while they were assisting the doctor during the operation.

Lighter Construction for Elevators

Grain elevators nowadays are not being built so frequently of monolithic concrete. This is of interest to insurers because experience has shown that when there is a big explosion in an elevator of this construction, the whole thing goes. Lighter building materials permit expansion.



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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Toulon, Ill., High School Insurance Loss \$75,000

The Toulon, Ill., high school building was partly destroyed by fire when flames razed the entire west half of the building last week. The damage was estimated at \$75,000, and there was insurance of \$90,000 on the building and contents. A fire wall prevented the flames from spreading to the east wing, which houses the gymnasium and agricultural department. The fire broke out early in the morning, and was well under way before it was discovered.

The building was built in 1923 at a cost of \$230,000, was destroyed in 1927 by fire, and was rebuilt.

America Fore had \$40,000 and Hartford \$50,000 on the school.

Wisconsin Association Bulletin

MILWAUKEE—The Wisconsin Association of Insurance Agents has issued a bulletin to members, commenting on the automobile situation, with facts to uphold the contention that cars should be kept in service but on a restricted basis. Suggestions are offered for a unified program for collection of accounts, in order to stay in business and prepare for the readjustment period after the war. Safety in wartime industries is emphasized as vitally necessary to the war effort. Agents are urged to aid civilian defense efforts to protect public buildings from air raids and to cooperate in the farm fire prevention program of the Department of Agriculture, as well as helping the government secure much needed typewriters from private owners. Grover Miller, Racine, chairman of the educational committee, urges agents to organize classes in agencies or among groups of agencies on insurance subjects.

\$180,000 Omaha Warehouse Fire

OMAHA—Fire at the Miller Cereal Mills warehouse here did approximately \$150,000 damage. Insurance is \$180,000. The fire was said to have been started by an 18-year-old worker who tossed a cigarette into a pile of paper packing cases when he thought he was about to be discovered violating no-smoking rules. The employee, whose name is withheld, signed a statement admitting the action, but no arrest was made because the youth plans to join the army.

New Equipment for Indianapolis

INDIANAPOLIS—A leading war plant center, now faced with a critical situation through the loss of 100 firemen in the next 90 days, will be allocated auxiliary fire-fighting equipment by the federal government, Chief Fulmer states. The equipment will be manned by 1,600 additional auxiliary firemen and will include 60 pumping units, 120 24-foot extension ladders and 72,000 feet of hose. Forty of the new pumpers are ready to be placed in service.

Loss on Hangar, Planes \$50,000

A hangar and 18 trainer planes of the Consolidated School of Aviation at Cape Girardeau, Mo., were destroyed by fire Tuesday. The hangar contained approximately \$10,000 worth of machine shop equipment and tools, which were destroyed. The total amount of damage will run around \$50,000. The school was a civilian pilot training contractor. U. S. Aviation Underwriters was on the risk.

K. C. Association Nominates

The nominating committee of the Kansas City Insurance Agents Association has presented the following slate of

officers on which the association will act at its annual meeting Dec. 15: President, Harry M. Gambrell; vice-president, Cliff Johnston; treasurer, Fred V. Griffith; executive committeemen for two years, William J. Welsh and R. L. Stewart, Jr.

Peoria Course Progresses

Members of the Peoria Association of Insurance Agents in November completed the second of a series of courses of study embodied in the 100-hour educational program of the National Association of Insurance Agents. The study group started Oct. 5. It meets for two hours each Monday night, and will hold sessions through nearly all of 1943.

Simmons with Lanphar Agency

DETROIT—Daniel R. Simmons, former Michigan state agent of Corroon & Reynolds, has joined the Lanphar Agency. Active in insurance work in Michigan since 1910, Mr. Simmons was Detroit and Wayne county manager of Corroon & Reynolds for many years until his recent retirement.

Call Mich. Executive Committee

LANSING, MICH.—A meeting of the executive committee of the Michigan Association of Insurance Agents has been called for Dec. 14 at the state offices here. A meeting of the finance committee will be held the evening of Dec. 13. Arno R. Schorer, Kalamazoo, is state association president.

Peoria Board Meets Dec. 9

The last 1942 meeting of the Peoria Board of Fire & Casualty Underwriters will be held Dec. 9. President C. A. Bryant will appoint a nominating committee to select a slate of officers for the coming year, to report at the January meeting. Ted Heimeshoff is secretary.

NEWS BRIEFS

G. S. Kessler, superintendent of fire prevention of the Wisconsin industrial commission, has been appointed state fire coordinator and state property officer of the Wisconsin Council of Defense.

J. G. ("Jack") Baum of the John Baum agency, Leavenworth, Kan., has gone with the safety division of the Hercules Powder Company.

The A. W. Childs & Sons agency of Kansas City has moved to new quarters in the Victor building there. For more than 40 years the firm was located in the New England Life building.

SOUTH

Arkansas Agents Consider Countersignature Law

Arkansas local agents at their mid-year meeting in Little Rock Dec. 8 will have under consideration a proposed countersignature law which the association at its convention in May, 1942, by unanimous resolution, felt was needed for the relief and protection of Arkansas local agents in view of the insurance laws of other states.

Following the convention, a special committee was named by the association executive board, and this committee after several months of study of insurance laws of other states drafted the proposed bill, which would place Arkansas local agents on equal footing with agents and brokers in other states

when the latter write business on properties or risks located in Arkansas.

The Arkansas proposal provides for an annual license fee of \$25 for non-resident brokers and non-resident agents, with the proviso that if a non-resident agent or broker's own state charges a greater or lesser fee than Arkansas does, such non-resident producers will be required to pay only the amount which an Arkansas agent would be required to pay in the non-resident producer's own state. The license is, therefore, on a reciprocal basis.

The bill also provides that non-resident brokers and agents must divide with Arkansas local agents (who countersign policies for them) any commissions which such non-resident producers receive from insuring Arkansas properties in the same percentage or amounts which their own states require if Arkansas agents write business in such states.

Other provisions of the bill would prohibit local agents from signing blank policies and from dividing commissions with unlicensed non-resident brokers or agents. Definite qualifications relating to the reliability of non-resident producers are required, and the licensing of such producers is placed in the hands of the insurance commissioner.

At the present time Arkansas has no effective countersignature law nor does it license non-resident brokers.

Lee Chattanooga Manager, Hatchett to Nashville for Adjustment Bureau

George M. Lee, who has been manager at Tallahassee, Fla., has now been appointed Chattanooga manager for the Fire Companies Adjustment Bureau.

George R. Hatchett, who has been the Chattanooga manager, goes to Nashville as manager.

Mr. Lee started with the F. C. A. B. in 1930 at Savannah and was later transferred to Macon, Ga., and subsequently to Tallahassee as manager.

Mr. Hatchett has been with the bureau since 1926, starting as an adjuster at Chattanooga.

Divide Auto Liability Class

NASHVILLE, TENN.—Increasing attendance at the 100-hour course on automobile liability, sponsored jointly by the Nashville Insurance Exchange and the Nashville Association of Insurance Women, has made necessary division into two classes, one meeting Tuesday night and the other Friday night. The second class is being taught by W. G. McComas, Fidelity & Casualty, president of the Casualty & Surety Association of Tennessee, and the first by J. B. Latham, Hartford Accident.

Tenn. Directors to Meet

NASHVILLE, TENN.—Directors of the Tennessee Association of Insurance Agents will meet Dec. 4 in the office of Secretary-Manager R. T. Cawthon, with Vernon Sharp, Jr., Nashville, chairman, presiding. Will Johnston, Memphis, president of the association, will attend.

Cawthon Visits Chattanooga

CHATTANOOGA, TENN.—R. T. Cawthon, secretary-manager of the Tennessee Association of Insurance Agents, on a round of local agent organizations, was guest of the Chattanooga Exchange at a noon meeting. Nevins Sloan discussed "Blanket Bonds."

Athens, Ala., Taxes Companies

ATHENS, ALA.—A new gross premium tax on all insurance companies doing business in this city calls for "4 percent of gross premiums, less return premiums on policies issued during the preceding year" on all fire and marine

business, with a minimum of \$25 for each company, and a fee of \$10 "and \$1 on each \$100 and major part thereof of gross premiums, less return premiums" for all insurance sold other than fire and marine.

Augusta Agency Sold

AUGUSTA, GA.—Frank O. Claffey, formerly of the Southern Finance Corporation agency, and W. J. Kelly, former agent of Lumbermen's Mutual Casualty, have purchased the League, Duvall & Powell agency. James R. League, one of the founders of the firm, will continue an active interest. The agency will continue to be known as League, Duvall & Powell.

Augusta Agents Protest Dues

AUGUSTA, GA.—At the regular monthly meeting of the Augusta Board of Fire and Casualty Underwriters many members protested that their dues to the Georgia Association of Insurance Agents are discriminatory and asked that a committee of that organization come to Augusta for a discussion of the matter.

NEWS BRIEFS

James A. Berry, insurance manager of the Blanchard & Calhoun Realty Co., has been elected vice-president of the Augusta (Ga.) Kiwanis Club.

H. F. Herman, assistant secretary of Home, who was a visitor to Oklahoma City, was guest of honor at a dinner given by the Oklahoma field force.

Simon P. Hughes has become a partner in the Fred F. Fox Company agency of Oklahoma City, formerly operated solely by Mr. Fox. Mr. Hughes was formerly assistant manager of Maryland Casualty in Oklahoma City.

Dudley E. Proctor has resigned as adjuster of Fire Companies Adjustment Bureau at Shreveport, La., on account of ill health and has moved to El Paso.

The "bosses day" luncheon of the Insurance Women's Club of Oklahoma City was attended by 67 members, 59 local agents and seven guests. E. V. Mashburn, past president of the Oklahoma City Insurance Exchange, gave a greeting, which was followed by an original insurance skit and an original play.

John W. Walker, Jr., of the local agency of John W. Walker & Co., Augusta, Ga., has retired. His brother, James Walker, is continuing the agency.

EAST

Dinner to Climax Drive for Members in Pittsburgh

PITTSBURGH—The Insurance Club of Pittsburgh will climax its current membership drive with a Christmas dinner party Dec. 18. Edward A. Logue of the State of Pa. is general chairman of the campaign and the club membership has been divided into 11 teams. This so-called "invasion" on the ranks of the non-members began at a meeting Nov. 23 and the team majors and captains have been reporting many new members daily since that time.

The club is devoting its principal energies to war activities. In much of this work, it is acting as a clearing house for all of the other Pittsburgh insurance organizations. Edward D. Sweet, Massachusetts Bonding, heads a committee which is searching for donors for the Red Cross blood bank and the General Insurance Victory Fund Committee is headed by Albert C. Supplee, United States Fidelity & Guaranty. To assist in solving the war man power problem, the Pittsburgh insurance school, which is jointly sponsored by the club and the

Pittsburgh Association of Insurance Agents, is presenting a completely revised 124-hour course based upon the educational program of the National Association of Insurance Agents.

Consistency in Defense

The Municipal Research Bureau makes an interesting point in advocating that the city of Buffalo purchase war damage insurance. The bureau observes that civilian defense activity is being carried out at a great deal of expense and it presumes the possibility of an air attack. If no such possibility exists, then according to the bureau, the city is wasting effort and money. The bureau states that the buildings owned by the city of Buffalo are worth perhaps \$60,000,000, and the insurance premiums would be about \$60,000. Whether such expenditure is warranted by the possibilities is a matter of judgment but to be consistent either the insurance should be carried or the city should not go to extremes in the civilian defense program.

Revise New Hampshire Manual

CONCORD, N. H.—Sweeping revision of its manual effective Jan. 1 has been announced by the New Hampshire Board of Underwriters, superseding the manual of October, 1934. One of the features is a new extended coverage endorsement. Fuel oil smoke damage endorsements are affected, several new classes have been added and rates generally have been revised slightly. One very acceptable feature is a more complete index.

Companies Lose Subrogation Case

NASHUA, N. H.—Insurance companies suing a public utility corporation for subrogation over a fire loss in Nashua in January, 1941, lost out in the final verdict. The fire loss of \$16,000 on the Beasom block in Nashua was blamed

on the New Hampshire Public Service Corporation by the companies because of alleged defective installation. It was contended that the service company in installing electric meters in the basement of the block failed to provide protection of the meters against water from rain or snow running into the conduits leading to the meter. The fire started from a short circuit caused by rain or snow water getting into the conduit. The companies sued in the name of the eight policyholders.

Middlesex Agents Elect

ARLINGTON, MASS.—The Middlesex Central Association of Insurance Agents elected the following officers: President, W. S. Couette, Lexington; vice-president, Luther Puffer 3d, Winchester; secretary, Isabell C. Gratto, Arlington; treasurer, Harold A. Tenney, Arlington. Ralph G. Hinkley, New England manager of the American and chairman of the BDO in Massachusetts, spoke.

Haggerty WDC Resident Agent

BOSTON—John J. Haggerty, head man in the state of RFC, has been designated by the War Damage Corporation as "resident agent" for service of process in the state in connection with WDC policies, in accordance with the recent agreement with Commissioner Harrington.

NEWS BRIEFS

Fire Chief Kiernan, who retired from the Newark fire department Nov. 26 after 36 years service, has been placed in charge of fire protection service of three army encampments in New Jersey.

J. S. Ulrich & Co., general insurance agents at Plainfield, N. J., have established a life department with John N. Voorhees in charge. The life department will represent Lincoln National Life.

nies bidding direct on state business in violation of overhead writing agreements with the National association.

President Charles P. Carroll mentioned recent important developments affecting the agency business and reviewed changes in the National association administration.

A. J. Peters of Issaquah, head of a special committee on revision of by-laws, recommended expansion of the duties of regional vice-presidents and suggested divorcing the offices of state director and chairman of the executive committee. It was also recommended that the office of state director be extended to at least two and possibly three years.

Expects Higher Loss Ratios and Premium Shrinkage

SAN FRANCISCO—Predicting a shrinkage in fire premiums and a likely increase in the loss ratio on the Pacific Coast, William G. Rich, assistant Pacific Coast manager Royal-Liverpool group, told the Fire Underwriters Forum here that underwriting during wartime is no different than in other times with the exception that some risks should be more carefully considered because of restrictions and rationing. This is particularly true of outside risks such as road houses, automobile camps and other risks located in rural sections and more or less dependent upon visitors for their business.

As to the shrinkage in premiums Mr. Rich pointed to the end of housing construction and other similar projects, gasoline rationing, scarcity of commodities and consumer goods which will affect inventories.

Favors Credit Reports

He suggested that underwriters make it a practice to obtain credit reports on renewals on the grounds that under present conditions the financial and business position of many businesses is changing and developing new factors to be considered. He also suggested that requests for long term use and occupancy policies be discouraged on the ground that it is almost impossible for insured to estimate their earnings 18 months or three years hence. He believes it safe to write U. & O. for a one-year term.

The most troublesome problem for underwriters on the coast at present is the wood-working industry. Mr. Rich quoted figures to show the "terrific high" losses sustained from unsprinklered wood-working risks. He suggested that underwriters discourage producers from covering such risks under blanket stock coverages, pointing to the varying hazards of various parts of the plant. Separate schedules, he said, will not only aid the company to make a proper underwriting placement but will also help in placing a large line where the company has the opportunity to judge the different hazards between mill, stock storage, etc.

Howells Named Utah Deputy

SALT LAKE CITY—E. H. Howells, agent of Prudential here, has been appointed deputy insurance commissioner, succeeding C. N. Ottosen, who resigned to become assistant attorney-general. Mr. Howells entered the ordinary department of Prudential here a year ago and before that represented New York Life for a brief period. He has also had experience in other lines, having for about eight years represented Continental and Commercial Union for fire busi-

ness. He is a graduate of the University of Utah, specializing in commerce and finance. Several years ago he was far eastern representative of five motion picture producers, with headquarters in Singapore.

Honor Lawry and Zeus

SAN FRANCISCO—In recognition of 15 years with the company as manager in San Francisco, Travelers Fire male employees tendered George V. Lawry a banquet. The entire staff of Travelers in San Francisco attended a luncheon in honor of Mr. Lawry and Otto Zeus, assistant manager of the life department, who is celebrating his 35th anniversary.

Brokers Society Elects Dec. 8

SAN FRANCISCO—Bowie Detrick and Mark M. Meherin, Jr., have been nominated for membership on the arbitration committee of the Society of Insurance Brokers of San Francisco. The annual meeting will be held Dec. 8. These are the only official changes scheduled.

CANADIAN

Big Fire Loss Increase in Essential Industries

TORONTO—Loss through industrial fires in Ontario since the start of the war has increased \$929,000, W. J. Scott, Ontario fire marshal, said at the opening session of the provincial firemen's training school.

While many believe the insurance companies were the only ones to pay the loss, Mr. Scott warned that it is really the public that pays.

Mr. Scott said the increase in industrial fire losses for 1942 will be heavy, especially in essential industries. There was a 100 percent increase in fire loss in the past year on weapons and war goods in the amount of \$765,000. This is a grievous strain on the war effort, he remarked.

However, he reported a drop of \$900,000 in fires not pertaining to industry. He attributed this drop to the public's fire consciousness developed through civil defense programs and fire prevention methods.

C. I. U. A. Modifies P. P. F. Rules for Ontario

The Canadian Inland Underwriters Association has modified for Ontario the personal property floater rules and forms that became effective dominion-wide Oct. 1, following conferences between agency and company representatives. The chairman of the executive committee of the C. I. U. A. has been authorized to appoint special committees in other territories to effect similar modifications wherever it appears advisable.

The minimum premium for a three year policy, whether full form or deductible, is reduced from \$35 to \$25 under the modifications for Ontario. The first two loadings under rating rule 3 (b) are subject to a discount of 35 percent in Toronto, Hamilton, Windsor and Ottawa and 45 percent in the remainder of the province. There has been a liberalization of the clause extending inside coverage on unscheduled

PACIFIC COAST AND MOUNTAIN

Big Problems in Wash. Discussed

SEATTLE—Fire and automobile rates, the overhead writing of public business and legislative plans were the main topics before the executive committee of the Washington Association of Insurance Agents at its fall meeting here.

Representatives from rural sections urged that the signed farm application now required in Washington be abolished. Gasoline rationing will make it impossible for agents to secure signed applications, they pointed out.

There was renewed discussion of the association's official policy on fire rate revisions. It reiterated its position that it favors "orderly revisions in fire insurance rates by classes where justified by experience."

The Spokane association requested that the Washington rules be changed to permit exclusion of foundations. It was stated that neighboring coast states are permitted to follow this practice.

E. O. Allen of Wenatchee, chairman of a special committee on automobile rates, said the committee felt that the recent general reduction in automobile bodily injury and property damage rates

in no way changed the opinion of agents in many sections that readjustments in territories should be made. He cited several examples of inconsistency in the territorial setup.

The contact committee was given authority to deal with companies and company organizations on all classes of business written by fire companies, including automobile fire, theft and collision rates. Heretofore, the committee dealt only with fire rates and rules. It was decided also to appoint a contact committee for casualty lines. Contacts would be developed with both bureau and non-bureau companies.

Insurance problems created by ride-sharing agreements were taken up. T. J. Meenach said the deletion of the "for hire" exclusion from the automobile policy still leaves a loophole. The committee suggested that agents query their companies on their attitude in handling claims of this character. It was also pointed out that ride-sharers should ascertain whether car owners with whom they are riding carry insurance.

Overhead Writing Criticized

E. R. Bowden, legislative chairman, said the 1943 legislature will have better insurance representation than any Washington legislature in history.

There was some criticism of compa-

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jewelry, watches and furs. Coverage on money and securities can be extended to cover accidental destruction, burglary, robbery, theft and larceny in temporary residences such as hotels or clubs, and there is no longer the limit of \$250.

Coverage on boats may be increased to \$500. The endorsement providing off premises coverage for bicycles against fire, extended coverage, and theft at an additional premium for three years of \$5 per bicycle may be amended to include collision at an additional rate of \$5 for three years. The writing of coverage on business, professional and occupational property also has been somewhat liberalized.

War Risk Insurance on Grain

OTTAWA, ONT.—Finance Minister Ilsley has announced that provision has been made for war risk insurance of grain in commercial storage.

The premium will be collected by means of a levy on stocks in store in certain elevators on Nov. 30, 1942, and upon the movement of grain through terminal elevators thereafter, Mr. Ilsley states.

The board of grain commissioners has been given the responsibility for collecting the levy of \$1.50 per 1,000 bushels of wheat, and proportionate amounts (unannounced) on other grains.

Quevillon Agency Superintendent

Rosaire Quevillon, for 14 years on the staff of J. E. Clement, Inc., Montreal, has been promoted to superintendent of agencies. His company is Canadian manager of Fire of Canada, Nationale of Paris and Excess of London.

MARINE

Fire Association's New Policy Stirs Interest

NEW YORK—Inland marine men are much interested in Fire Association's new personal property floater but there is little tendency to regard its special features, such as the 10 percent reduction for 80 percent coinsurance and the 20 percent no-claims bonus, as seriously increasing its competitive position.

One inland marine specialist expressed the hope that other companies would not follow these two principles in revising their personal property floater policies.

"How are you going to enforce the 80 percent coinsurance provision?" he asked. "Would you go to the expense of having a real inventory made after every partial loss? If you don't enforce the coinsurance provision the credit is merely a rate reduction. As for keeping insured from putting in claims for trifling amounts, I would rather do this by means of a deductible than by giving a bonus for no claims. The no-claims bonus puts too much emphasis on mere luck. The insured doesn't really earn the credit."

More Claim-Conscious

At the same time it is readily conceded that the problem of trivial claims is increasing as insured become aware of the almost limitless scope of all-risks coverage. For example, one insured put in a claim for \$1.75 for stolen groceries. In this particular case, however, the insured explained that he made the claim only at the insistence of his

wife and reimbursed the company in full for the amount of the check it sent him covering the claim.

Not all types of unforeseen claims are quite so trivial, however. One insured kept sending in so many rug-cleaning bills arising out of the misconduct of an imperfectly housebroken dog that the company finally told the policyholder that he would have to get rid of the dog or the policy would be canceled. The insured gave the dog away but unfortunately for the company the recipient also had a personal property floater with the same company.

Quite a few claims have arisen from damage by squirrels gaining access to temporarily unoccupied houses through the chimney. Squirrels can cause extensive damage to upholstery in building their nests.

Fire Association has just recently received approval from Indiana to sell its personal property floater in that state. In a few states the insurance departments have declined to approve paying the 20 percent no claims bonus on that portion of the premium attributable to fire cover or fire, tornado and hail or fire and extended coverage. Fire Association is making a new amended filing in those states.

MOTOR

Baltimore Court Holds OPA Ceiling Basis in Tire Loss

Automobile underwriters and adjusters generally are much interested in the current case of Cunningham vs. National Guild Insurance Co., in which a lower court held that the liability of an insurance company for a stolen tire and tube is limited to the ceiling price fixed by the Office of Price Administration.

The case was decided by the peoples court of Baltimore City and it is not indicated whether it will be appealed. The language of Chief Justice Rynhart is broad enough to apply to all losses of property if prices are controlled, should the case be sustained.

Ceiling Status in Doubt

While most insurance men have assumed that ceiling prices are the proper basis of loss settlements, this has never been officially established and OPA has never specifically directed its price rulings at adjustments, apparently not wishing to be in the position of arbitrating arguments between companies and assured. Some assured have taken the position that, where they cannot fully replace lost property, or where they acquired it at more than the ceiling price, settlement should be on a higher basis.

In his opinion, Justice Rynhart stated that where there is no lawful free market, the highest price in the controlled market is the only proper measure of damage and that it would be against public policy to recognize any "black market" prices.

Now Write Dealers' Auto Stocks at Contents Rate

The automobile departments of most of the companies have discontinued writing fire protection on dealers' stocks of new automobiles at the special rate in effect in normal times. They are now getting the full fire contents rate.

The dealer form, which included in and out protection, was written at the contents rate of the storage location less 33 1/2 percent in eastern and southern territories and less 50 percent in the middle west and on the Pacific Coast. Usually it was figured on the contents 80 percent coinsurance basis. This contemplated that some of the automobiles would be out on demonstration part of the time. Some the cars could, in event

of fire, be moved. Since new cars now are practically all in dead storage, underwriters feel they constitute regular contents. In case of fire they would all be subject to loss.

Cut Collision Rates in Wash.

SEATTLE—A number of non-conference companies have filed a 15 percent discount from manual on automobile collision in Washington. The reduction applies to "A" and "B" risks only.

Multiple Location Body Proposed

(CONTINUED FROM PAGE 1)

constitutes a location, for example, a rule that the minimum amount of insurance

is at least \$1,000, also rules as to the forms and as to the types of risks to be insured. The rates would be those produced by the application of the regular rates provided by the existing rating organizations in the respective territories modified by a schedule of credits or debits. Carriers would pay the usual commissions on all risks, regardless of size. No change is contemplated in existing practices. Countersignature laws in states where property is insured would be complied with.

ALLOCATING PREMIUMS

The average rate under the policy applied to the amount of risk at the locations with the respective states would be used in determining the premium to be allocated to the respective states. The committee deems this advisable on the

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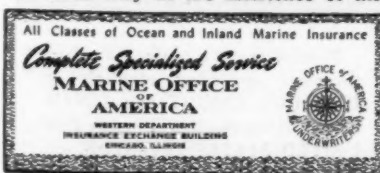
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ground that no state would suffer any loss of revenue, because over the entire volume of business transacted by all the companies the premiums allocated to each state would come out approximately the same, whether the average rate on all the risks is used or the average rate on risks within the state.

"On one policy the average rate on the entire line might be lower than the average rate on property located in State 'A,' the committee report points out. "On another policy the average rate on the property might be higher than the average rate on the property in State A. Multiply these instances by the entire number of similar policies and it seems unlikely that premiums reported to any particular state would have any substantial variation between one method and the other. The advantage of the practice would be considerable in the way of reducing expenses of administration, in facilitating checkups, and in improving the real accuracy of premium allocations.

Would Settle Tax Complaint

"The states without rate regulation should profit to the extent that there is basis for the contention that under the present procedure 'standard' rates have been charged in regulated states and 'cut' rates in non-regulated states, with the result that the premiums allocated to the non-regulated states are lower than they would be if the premium were allocated according to the average rate applying to the entire line."

Use of underlying policies should be discontinued if possible. Instead, a single policy, with certificates respecting each state, should be issued. By the certificate's terms the coverage within the state should be made subject to the provisions of the standard fire policy of the state and countersigned with respect to business in the state by a licensed resident agent.

Auditing Not Considered

The committee did not consider the question of whether or not policies should be audited in the respective rating jurisdictions having auditing service, or whether they should be audited by the national organization, or whether they should be audited at all. It pointed out that this is an administrative problem that would be solved by the proposed organization's governing committee.

As for companies having their own rating bureaus, the committee stated that it is quite possible that they should be eliminated from consideration, at least for the time being, and that they should present on their own behalf any particular plan that they may individually desire, if the commissioners feel that any problem exists with respect to their risks of this type.

NO LEGAL SNAGS

Solution of the problem of interstate rating would require the participation in the proposed organization of substantially all those carriers of all types which use the local rating bureau rates as the basis for their normal fire insurance operations, the committee stated. It expressed the belief that the proposed organization would run into no legal snags, except possibly with respect to whether or not it is lawful to grant to multiple-

location risks a schedule of credits based on number of locations.

"It may be argued that a single property stands the same hazard of loss whether it be one of 20 risks owned by a single proprietor or whether it stands alone," the report states. "The question has been disposed of in most states by the established practice of granting credits of this type with respect to multiple-location risks insured under reporting forms, whether all be located within the state or some within and some outside the states. The laws prohibiting discrimination in the rating of risks are quite numerous and they are not uniform."

Litigation Not Conclusive

After citing as examples the provisions of the New York, Pennsylvania and Illinois laws, the report observes that notwithstanding the great number and wide variety of these antidiscrimination laws there has been little or no litigation which would interpret these statutes so far as they may apply to the working out of rate credits which are intended to reflect the underwriting conditions applying to risks which may come within the description of a general classification.

"It is believed that there will be no attack on the application of the theory of location credits herein referred to, because it is sensible, practical, and has been in general vogue for many years," the report continues, and then lists the following reasons for recognizing some system of credits applying to multiple-location reporting form risks: they are usually under ownership of the better grade; maintenance and supervisory discipline makes for a better loss ratio; superior record-keeping facilities service, loss adjustments and administration of the business; the loss ratio is improved by the automatic features of reporting forms which either require the insured to pay a premium for a high proportion of insurance to value or penalize the insured if such proportion is not carried; as a class, reserve supplies of merchandise purchased under normal conditions and ready for immediate delivery from another location or from a warehouse, are available for quick replacement. This feature has a very important bearing on loss adjustments. Along the same line, the record-keeping methods and large buying power under the direction of special personnel have an important effect in holding losses to a minimum.

Showed Record Experience

The report points out that whenever a classification of risks is recognized for special treatment of any kind, the record must show that the results justify this treatment as fair and equitable in the light of conditions applying to the aggregate business of all classes and that this means that the future operation of the program should be supported and proved fair and equitable by statistics. Therefore it would be assumed that the experience of the companies on risks receiving this treatment should be recorded from year to year so that if the procedure produces an excessive underwriting margin or fails to produce an adequate income appropriate adjustments in procedure may be made.

Hail Advisory Committee Confers in Chicago

(CONTINUED FROM PAGE 1)

1941 U. S. totals were \$9,935,444 in premiums and \$5,980,016 in losses for a ratio of 60.19. Canada last year had \$571,653 in premiums and \$273,304 in losses for a ratio of 47.81.

The central department had the worst experience of any of the territories. Premiums were \$10,157,014, losses \$7,422,124 for a ratio of 73.07. In Canada the experience in Saskatchewan went strongly against the companies. The premiums were \$1,145,000 and losses \$900,000 for a ratio of 78.7. The experience in Alberta was: Premiums, \$216,000, losses \$37,000, ratio 17.1 and in Manitoba, premiums \$225,000, losses \$133,000, ratio 59.1.

Preliminary estimates of premiums,

losses and loss ratio by states are given below:

	Premiums	Losses	Loss Ratio
Alabama	4,572	1,344	29.39
Arizona	65,365	74,545	114.04
Arkansas	7,008	5,410	77.20
California	18,593	1,402	7.54
Colorado	298,989	444,644	148.72
Connecticut	36	.....	.....
Delaware	509	.....	.....
Florida	25,119	10,124	40.30
Georgia	172,568	44,010	25.50
Idaho	155,784	73,101	46.92
Illinois	357,634	115,246	32.23
Indiana	56,604	9,781	17.28
Iowa	548,900	457,817	83.41
Kansas	1,609,370	1,369,819	85.59
Kentucky	232,561	146,784	63.12
Louisiana	157	50	31.85
Maine	1,728	598	34.62
Maryland	7,773	1,294	16.65
Massachusetts	9,691	25,574	263.88
Michigan	18,941	795	4.20
Minnesota	1,048,984	327,361	31.21
Missouri	63,569	9,116	14.34
Mississippi	21,739	7,029	32.79
Montana	1,310,950	1,457,972	111.21
Nebraska	1,164,756	1,274,392	109.41
New Hampshire	858	.....	.....
New Mexico	36,687	11,245	30.65
New Jersey	8,654	183	2.12
New York	32,413	24,895	77.11
North Carolina	1,352,524	395,944	29.27
North Dakota	1,370,225	666,945	48.66
Ohio	41,216	13,449	32.63
Oklahoma	396,672	120,645	30.41
Oregon	72,019	26,071	36.20
Pennsylvania	36,628	19,411	53.00
Rhode Island	172	.....	.....
South Carolina	246,404	116,564	47.31
South Dakota	1,403,340	919,005	65.49
Tennessee	106,139	29,732	28.05
Texas	780,360	439,231	56.29
Utah	1,140	2,170	190.25
Virginia	339,693	118,663	34.93
Vermont	3,571	1,771	49.60
Washington	180,240	37,882	21.02
West Virginia	14,018	8,554	61.02
Wisconsin	59,327	14,913	25.14
Wyoming	25,082	26,993	107.62
Total	\$13,709,343	\$8,852,634	64.57

Report 10 Million Cut in Farm Losses

(CONTINUED FROM PAGE 4)

stressed by Harry P. Cooper, National Association of Mutual Companies. More educational work in encouraging self inspection will be needed to offset the limiting of insurance inspections as a result of gas rationing, he pointed out. Storage of gasoline on farms must be checked. There has been some progress made in eliminating spontaneous combustion in hay through the new methods of testing hay and applying dry ice, he said.

Eye Grain Fires

Particular interest was taken in the report by Mr. Carter on tractor and combine fires. This year there was an unusually large number of grain fires, particularly in the western wheat fields. Many of these fires were caused by sparks from motorized equipment. It is possible to eliminate exhaust back-fires of hot carbon and spark arresters can be used to advantage. Education is the main problem in eliminating grain fires as effective methods of safeguarding equipment are available.

Illinois Program Explained

Anton J. Tomasek, Illinois rural fire protection coordinator, told of the extensive activities in his state among farms beyond limits of town fire departments. County defense councils are asked to cooperate by naming rural fire protection committees who in turn appoint fire wardens in each school district. Two field men are conducting schools for fire wardens and an excellent manual has been prepared for use of both the wardens and for studying fire protection in schools. Already 39 counties have been thoroughly organized and 2,300 wardens trained in 25 schools. Results of the work have been demonstrated in southern Illinois where forest and field fires are usually prevalent in the fall. This fall, although conditions were adverse, losses were held to a minimum by volunteer workers while in some years as many as 300 paid workers have been necessary to check the fires.

State fire prevention associations are assuming more responsibility in regard to rural areas, R. E. Vernor, Western

Actuarial Bureau, reported. He told of the activities in Iowa and Ohio where contact men have been assigned to each county to aid in educational work.

B. R. Walinder, America Fore, said that the Farm Underwriters Association is continuing its effective scholarship program. Although gas rationing will restrict agents' travel they are being urged to plan their work carefully so they can continue their farm inspections.

A number of reports were given by organizations outside the insurance business such as the Red Cross and National Safety Council who are actively participating in curtailing farm fire losses.

Extensive Program Launched

The only formal talk was given at the luncheon by Reuben Brigham, extension service Department of Agriculture, on "Rural Fire Prevention in War Time." The extension service assumed leadership in the emergency rural fire control program last February and today, in cooperation with state extension services and other agencies, there are over 100,000 trained rural fire fighters organized into 10,000 fire-fighting companies on guard to protect rural property.

All members of these rural fire-fighting companies have received or are receiving organized training in fire prevention and fire control. Results in fire control indicate that the program is successful.

Objectives, according to Mr. Brigham, are:

"1. To eliminate all fire hazards on the farm, in farm buildings, and in rural areas generally. 2. To educate all rural people in rural fire prevention for the protection of life and property. 3. To prepare for use and maintain all fire-fighting facilities and equipment, both on a community and an individual farm basis. 4. To organize and develop rural fire-fighting units for each community."

The success of the rural fire-control program hinges to a great degree upon developing attitudes of mind in the rural

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population that will keep everyone constantly on the alert, Mr. Brigham pointed out. Around 80 percent of fires on farms and in rural communities are the result of human carelessness or failure to take simple precautionary measures.

FIRE MARSHALS

Fire prevention activities of the army, Office of Civilian Defense and the War Production Board were reviewed at a meeting of the N.F.P.A. fire marshals' section. Brig. Gen. W. E. Guthner of the army's internal security division and Lt. Col. Carl Richmond outlined steps being taken in inspecting war plants and in forming plant fire brigades. Colonel Richmond reported that inspectors are being given intensive instruction in special schools. Although the war department is doing its utmost to eliminate fire hazards the backing of local fire departments is still needed, General Guthner pointed out.

Results in Michigan

Various fire marshals told of the inspection and auxiliary firemen training work being conducted. Michigan has been particularly active in this regard and Arnold Renner, state fire marshal, told how plant brigades have been set up all over the state. The state has also ordered 60 fire trucks, 36 of which have been delivered, which are being given to cities to use in protecting plants operating outside the city limits.

Percy Bugbee, general manager, Horatio Bond and W. Fred Heisler, firemen's training chairman, of the N. F. P. A. told of extensive firemen's training work under way. The N. F. P. A. has prepared a training manual for auxiliary firemen which will be distributed soon.

Safeguard Essential Materials

The War Production Board has been classifying essential materials and has been drafting plans for housing them, Mr. Bugbee reported. It is possible that all warehouses in the U. S. will be taken over by the WPB for storing the essential materials. WPB has sweeping authority and it is taking the necessary precautions to reduce fire hazards, he said. Jack Mason, Office of Civilian Defense, outlined extensive work of his organization. One of the main problems faced by OCD is the allocation of fire fighting equipment.

A. Bruce Bielaski, National Board, led a discussion on arson. A number of insurance commissioners who are also ex-officio fire marshals were unable to be present because of the unavoidable conflict in dates with the National Association of Insurance Commissioners' meeting in New York. Clem Smith, Indiana fire marshal and section chairman, presided.

The N. F. P. A. firemen's training section also held a meeting.

Biography of North America Written by Eminent Author

(CONTINUED FROM PAGE 4)

president's salary was reduced from \$2,300 to \$2,000. It was at that time when many companies were failing that Massachusetts introduced the unearned premium reserve requirement and state supervision came into being.

North America fared well in the Civil War despite marine business difficulties, showing an increase of 25 percent in marine business while fire premiums trebled.

Dramatic Accounts of Fires

Although the Chicago fire took its toll of companies in 1871, North America paid its \$650,000 in losses and still had \$3,212,000 assets and \$182,985 surplus. But the severe losses in Chicago were only a drop in the bucket compared to those experienced in the San Francisco conflagration in 1906. The drama of that disaster is fully recorded by Mr. James when \$3,260,000

was paid out by North America and \$1,032,000 by its running mate, Alliance.

"Biography of a Business" brings North America's history up to 1942 and a third of the 371-page book is devoted to events from the start of the war in 1914 up to the present.

The experience of the company in the marine field during the first world war furnishes one of the most interesting chapters of the book. The activity of German surface raiders at the opening of the war caused violent fluctuations in the marine market. North America followed a policy which Charles Platt used so successfully in the Civil War. It accepted business at moderate rates along routes where raiders were last reported, on the assumption that when cargoes reached there the raiders would be elsewhere. In dealing with the submarine menace, a somewhat similar plan was followed. In addition North America established a liability limit for the various theaters of war. When the permissible limit was reached, rates were raised above the market level and business was diverted elsewhere.

Although the developments in the later years of the company's history are better known than those of the early days, it is interesting to view them in retrospect, such as its entry into the casualty field and the fairly recent developments of inland marine business.

Fitting Climax to Celebration

The publication of "Biography of a Business" by the Bobbs-Merrill Company, Indianapolis, is a fitting climax to the celebration of the 150th anniversary year of North America.

The book itself is unique because the officers of North America gave Mr. James access to records which probably comprise the most complete and intimate picture extant of how American business has been conducted since the United States became a nation. In no instance, Mr. James points out, did North America make a suggestion that any error judgment on the company's part be ignored or soft-pedaled. Hence, the book is an open and frank record of the company's business conduct during the last 150 years.

Mr. James concludes his story of North America with this significant paragraph:

"This account of the Insurance Company of North America ends almost as it began: at a time of national peril. It is the lot of underwriters, however, to deal with perils as an everyday thing, whereas the rest of us experience them only once in a while. Virtually the first 22 years of North America's life were spent amid conflict on the seas. Its part in keeping the American flag afloat during that troubled era was noteworthy; and if the flag hadn't been kept on the seas between 1793 and 1815 it would fly nowhere now."

New York Experts Analyze Roots of Rate Making

(CONTINUED FROM PAGE 3)

fire insurance the schedule rating system has tended to depart from the primary conception of class rating to such an extent that physical relativity in details of construction and protection of individual property have become predominant. This has resulted in difficulty in providing for statistical verification of rates by classes.

One method of measuring community activity in fire prevention would be to compile statistics for some of the larger communities. The present method of key rates does not measure many intangible factors. The Texas system fails to measure the credibility of the experience, which leads to erratic results in smaller communities. With tables of credibility such a plan might prove highly beneficial. It does have possibilities of promoting public consciousness of the cost of fire and providing a direct incentive to reduce losses.

As to coinsurance, the report states that the reasonableness of the require-

ment of 80 percent insurance to value and higher percentages for blanket and reporting forms was generally accepted when the probability of total loss was substantial. In case of properties with fire resistive construction and sprinkler and other protection, reluctance to pay premiums upon such high percentages of value has tended to break down the application of coinsurance requirements and the report states that it would be highly desirable to strengthen the basic rating structure by lowering the coinsurance requirements for certain types of risks to 50 percent of value and to allow graduated credits for voluntary purchase of insurance with higher percentages.

The report states that in the unexplored field of fire insurance rating there is the problem of determining proper tariffs or credits for specified limits retained on a self-insurance basis. From a theoretical standpoint the factors to be considered are somewhat related to the tables of charges for losses in excess of normal which would be required in connection with any experience rating plan for fire insurance. In fire insurance, normal losses would be variable.

Favors All-Risk Forms

The report states it would be in the public interest if fire, casualty and marine companies were permitted to write broader forms of all-risk policies covering property at fixed locations. If this were allowed the three types of insurers should be subject to rate regulation with respect to such coverages.

The report observes that the classification system for reporting fire insurance experience has been developed by the National Board. The present classification is the result of a gradual reduction in the number of classes to 26, since the original 604 were adopted in 1915.

The classification system, the report declares, in order to provide a verification of the rates charged, should follow the pattern of the rating system. Individual companies would prefer a uniform rating system on a country-wide basis rather than varying methods of coding and reporting experience according to the different schedules and rate classes in the different territories.

The statistical classification and rating methods have fallen further and further out of line, the report charges. At present the experience report has little relationship to rating methods. Many statistical classes include risks rated on several different schedules as well as class-rated risks. They also include groupings of widely different classes or risks of high rated and low rated occupancies. For all but one class the experience is that of buildings and contents combined. Hence an accurate adjustment of rates cannot be made.

The problem of whether reporting should be on a basis of premiums written and losses paid or on earned premiums and incurred losses either on a calendar year or policy year basis, according to the committee, requires further study. The earned-and-incurred basis is considered more accurate if the results of any one year are to be reviewed. However, over a period of years the differences are relatively unimportant.

A rough estimate of the amount of capital funds or the amount of surplus to policyholders necessary to carry on a fire insurance business would range from 30 to 50 percent of annual premiums. An allowance for underwriting profit of 2½ percent on premium income would be equivalent to return of 5 percent on invested capital on the 50 percent basis. Income from securities would increase the total return on invested capital to 7½ or 8 percent. With a reasonable permissible loss ratio as a yardstick, proper statistical experience should produce reliable indication for the increasing and reducing of rates for the various classes of risks, after giving consideration to credibility factors depending upon premium volume, loss frequency and number of years of experience.

Since special reserves have not been set aside for conflagration and all losses

during the last 30 years have been met out of normal accumulations it can be assumed that an allowance of 1 percent for the conflagration hazard will be adequate. That reserve should be set aside as a segregated surplus account not available for dividend distribution.

Expense Increase Slight

Any substantial change in methods of statistical compilation would increase expenses, the report states. However, this expense would be only a fraction of 1 percent of the premium dollar and well worth the expenditure. The committee recommends that the superintendent direct the preparation of a statistical plan by the department staff and invite the assistance of the companies.

The present system does not lend itself readily to adjustment to reflect loss experience although it does contain some machinery for changes in individual risks, key rates of cities and various occupancy charges. A comprehensive program of simplification on an actuarial basis could only be accomplished gradually for selected groups of classes entitled to rate reduction. Schedule rating in a simplified form might be centered around occupancy class rate in graded groups modified by differentials reflecting the more outstanding relativities in hazards according to grades or types of construction and protection.

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D.P.C. Insurance Plan Discussed

(CONTINUED FROM PAGE 2)

government officials, he said, favor this plan. The rate structure, he said, basically stands as it is with a 10 percent reduction, either by the bureau promulgating the reduced rate or by a rider granting a refund. He said that the DPC has peculiar requirements and the Factory Insurance Association does not desire to force the issue in a state if the commissioner objects.

Hilgemann Makes Observations

L. C. Hilgemann of Milwaukee, chairman of the committee of the National Association of Insurance Agents in charge of subjects of this character, said that the 10 percent is a reduction in premium or rate. It is a refund, he said, or contribution by the agents, but they all want to know whether any of the laws are being violated, especially the anti-rebate statute. If a rebate on this property is allowed, can it be applied to private risks of the same nature? The individual commissioners, he said, should decide. He cited a case where the DPC might order an additional unit erected to a defense plant and the assured naturally inquires if the DPC gets a reduction why does not the assured have it in the rest of the property? He said that if 10 percent reduction is right, then the companies and agents should cooperate. The assured pays the premium although the insurance runs to the DPC. The DPC orders the assured to build if necessary to meet the new demands. The government gets the benefit of the lower cost indirectly because the insurance cost is decreased that much.

Agents Must Give Service

Mr. Hilgemann said that regardless of any statement that had been made, agents are required to give special service. The agents are dealing with their assured who pay the premium and therefore the assured expects the service that he has been getting from his insurance office. He cited a case where a plant having a DPC contract was situated away from fire protection and the agents had to deal with the city in getting proper water supply out to the plant. In the DPC insurance all offerings had to be accepted.

E. B. Berkeley of Cleveland, president Ohio Association of Insurance Agents, said that agents in various states fear that their licenses will be in jeopardy if state laws are violated. He, too, made the statement that much service is rendered to the DPC assured. Further, he said that in cases of this kind where the government has anything to do with paying people, there may be a delay of some months before the assured gets his stipend. Hence the agent holds the

bag until the money is received in many cases. He gave it as his opinion that the average premium on this business runs from \$1,000 to \$10,000.

J. F. Van Vechten of Akron, vice-president Ohio Association of Insurance Agents, declared that if the DPC plan violates state laws it is dangerous for agents to follow the requirements. The reduction in rates, he said, is due only to ownership and not to any improvement in the hazard. He said if this plan prevails he wonders what will be the end.

Mr. Pierce stated that he did not regard the decrease of 10 percent in cost as a rebate, but a credit in rate. In answer to a query he said that he and his associates had not consulted counsel as to the legal aspects so far as state laws are concerned.

Simplification in Statements Needed

(CONTINUED FROM PAGE 3)

indicated and that wherever possible the tax blank be revised.

The committee suggests that totals in most respects could be used and would give all information desired and thus cut down so much classification. The committee recommended that the information in the following might be eliminated: Schedule G, fidelity and surety losses; schedule H, salvage; schedule P, part 1A, automobile liability experience; schedule P, part 5, development of incurred liability losses; schedule P, part 5A, development of incurred compensation losses; schedule X, unlisted assets; supplement to underwriting and investment exhibit showing the exhibit of underwriting gains and losses by lines of business; schedule T, part 1, exhibit of premiums written, eliminate the requirement separating unauthorized reinsurance ceded and authorized reinsurance ceded and combine the data in one column.

It was voted by the committee to refer the whole subject to the committee on blanks of which Actuary Walter Robinson of Ohio is chairman. The committee was instructed to give hearings to all interested, study the suggestions and bring in recommendations. The meetings held by this committee were largely attended.

Williams "Het Up" Over Centralization

(CONTINUED FROM PAGE 2)

000. He gave it as his opinion that the commissioners' association would make a mistake in trying to combat the Atlanta investigation. He believes that each commissioner as an individual should use his influence in that direction, however. He stated that he had

already appealed to his governor and attorney general and said that the latter had taken up the matter with the National Association of Attorneys General which will look into the situation. The subject, he said, has been brought to the attention of the Southern Conference of Governors.

As an example of federal government dipping into purely state functions, he cited the effort to abolish the poll tax levied throughout the south especially as a qualification for voting. The south, he said, has its peculiar problem and if left alone it can be solved satisfactorily. The situation, he said, is one that confronts the southern states and not the federal government. Mr. Williams said that he earnestly believes in a union of sovereign states. If the present tendency continues he acknowledged "I do not know where we will wind up."

President Williams said that the regulation and supervision belong to the states. The whole scheme of things might be upset if this function of the state is violated. State control of insurance, he said, has been tried and is successful. In conclusion the commissioner said:

"I am all het up about it and I want all you people to be het up."

Trial of T. A. Sharp at Rochester Is Postponed

ROCHESTER, N. Y. — Trial of Thomas A. Sharp, prominent Rochester local agent who is accused of perpetrating fraud totaling \$225,000 in connection with his dealings with Premium Discount Corporation of Rochester, was adjourned Monday until the Jan. 18 court term by County Judge Van Duser. The adjournment was granted at the request of Mr. Sharp's lawyer, Harry Goldman, who said he was unable completely to prepare Mr. Sharp's defense for the trial that was originally scheduled to open Monday.

The case of Charles R. Haggerty, also a member of the former agency of Hayes, Sharp & Haggerty, who was indicted on a charge of fraudulent dealings to the extent of \$61,678, was adjourned to Dec. 7. The Haggerty trial was to have followed that of Mr. Sharp.

Mr. Sharp lost a motion to compel James H. Farrell, president of Premium Discount Corporation, to give testimony on dates, names and amounts and other details of transactions by Premium Discount and the Hayes, Sharp & Haggerty agency between July, 1940, and June, 1941. Judge Van Duser held that Mr. Sharp under the law was not entitled to such an interrogatory. In support of the motion, Mr. Sharp stated that his innocence would be established if he is given an opportunity fairly and properly to prepare for trial. He said that the bill of particulars furnished by the district attorney was inadequate to prepare for trial. He said many of the records of the agency of which he was president,

are lost or not available and that the bookkeeper of the agency had been instructed not to talk to him and had refused to give him information. He said that he was an insurance salesman and did not concern himself with the books.

War Activities Group Named in Iowa Blue Goose

DES MOINES — A war activities committee of Iowa Blue Goose has been appointed by Wesley S. Volz, Fireman's Fund, most loyal gander. W. K. Hankinson, National Fire, is chairman and members are C. S. Cathcart, Home, H. P. Martin, St. Paul F. & M., and Roy Ingham, Hartford.

The pond is presenting a leather-bound stationery set, including a membership card, for duration to all members in service. These include J. A. Mosher, Corroon & Reynolds; T. E. McDonnell, St. Paul F. & M.; R. F. Cizek, New Hampshire; T. R. Turner, H. A. Johnson and P. A. Doerfler, Western Adjustment; J. B. Hunter, Continental; H. B. Chrissinger, Atlas; R. R. Hufstader, Miller's National; W. E. Kent, Commercial Union.

Warns of Hazard in Storing Gasoline

On the eve of nation-wide gasoline rationing, the National Board released a warning on the danger of hoarding supplies of gasoline. Not only does storing gasoline in makeshift containers introduce a serious fire hazard, the National Board said, but it also may be in violation of local fire prevention ordinances and even may void the hoarder's fire policy.

Despite the issuance of a similar warning before gasoline rationing was put into effect in the eastern states last spring, persons were fined for storing excessive quantities of gasoline.

Not only is such hoarding unpatriotic but it introduces a fire hazard that can easily cause the destruction of life and property. Gasoline vapors in a room can be just as explosive as in the cylinders of an automobile engine. One pint of gasoline fully vaporized will render 200 cubic feet of air flammable and explosive, and capable of wrecking walls that may confine it.

Danger of Vapor Accumulation

People who store gasoline in makeshift containers are inviting disaster. Such methods are particularly hazardous in basements. The fact that the containers are seldom tight or they may be readily broken introduces the danger of an accumulation of vapor which can readily be ignited from the furnace. Storage of gasoline without express permission is prohibited by many standard fire policies. The hazard of gasoline leakage from metal containers provided with tight-fitting caps is still high. Few of these containers are new and some of them may contain a small amount of water which may eventually produce a rust hole, thus permitting a slow leakage. This may not be noticed until a dangerous accumulation of vapor has resulted.

The greatest hazard is the danger which results when the gasoline is poured into the tank of an automobile. It is practically impossible to avoid spilling the gasoline unless a funnel is used, and funnels are seldom available. Even the newer 5 and 10 gallon cans which are provided with a flexible metal tube for pouring are dangerous because of the possibility of a spark of static electricity igniting the gasoline vapors.

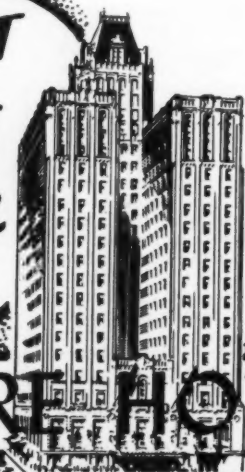
The OPA has stated that it is a violation of the regulations for anyone to transfer gasoline from a storage tank to his automobile without an exchange of rationing coupons.

The National Board appealed for strict enforcement of all ordinances forbidding the storing of gasoline in unsuitable containers or in large quantities.

The California Blue Goose will hold a dinner dance in Los Angeles Dec. 4.

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On the first anniversary of that infamous "stab in the back," when Japan threw its "best Sunday punch" and rained destruction down upon Hawaii, let every American "Remember Pearl Harbor."And remember, too, the Philippines, Bataan and the Midway and Coral Sea battles.

In the words of the immortal Abraham Lincoln: "The brave men, living and dead, who struggled there, have consecrated them, far above our poor power to add or detract. It is for us the living, to be dedicated here to the unfinished work which they who fought have thus far so nobly advanced. It is for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain...."

Each and every one of us can do his or her part. If we cannot fight, we *can* keep our men fighting and flying by buying War Bonds and Stamps.

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